

# **HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED  
June 30, 2020 AND 2019 (Unaudited)**

**ATTACHMENT: INDEPENDENT AUDITORS' REVIEW REPORT**

**HYUNDAI MOTOR COMPANY**

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## **Independent Auditors' Review Report**

The Board of Directors and Shareholders  
Hyundai Motor Company:

### **Reviewed financial statements**

We have reviewed the accompanying condensed consolidated interim financial statements of Hyundai Motor Company and its subsidiaries (the "Group"), which comprise the condensed consolidated statement of financial position as of June 30, 2020, the condensed consolidated statements of income, comprehensive income for the three-month and six-month periods ended June 30, 2020 and 2019, the condensed consolidated statements of changes in equity and cash flows for the six-month periods ended June 30, 2020 and 2019 and notes, comprising a summary of significant accounting policies and other explanatory information.

### **Management's responsibility**

Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with Korean International Financial Reporting Standards ("K-IFRS") No.1034 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' review responsibility**

Our responsibility is to issue a report on these condensed consolidated interim financial statements based on our reviews.

We conducted our reviews in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements referred to above are not prepared, in all material respects, in accordance with K-IFRS No.1034 *Interim Financial Reporting*.

### **Other matters**

The consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this report, were audited by us in accordance with Korean Standards on Auditing and our report thereon, dated March 4, 2020, expressed an unqualified opinion. The accompanying statement of financial position as of December 31, 2019, presented for comparative purposes, is not different from that audited by other us from which it was derived in all material respects.

The procedures and practices utilized in the Republic of Korea to review such condensed consolidated interim financial statements may differ from those generally accepted and applied in other countries.



*KPMG Samjong Accounting Corp.*

Seoul, Korea  
August 14, 2020

This report is effective as of August 14, 2020, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

# **HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES**

## **CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2020 AND 2019**

The accompanying consolidated financial statements, including all footnote disclosures, were prepared by, and are the responsibility of, the Company.

**Lee, Won Hee**  
**Chief Executive Officer**  
**HYUNDAI MOTOR COMPANY**

Main Office Address: (Road Name Address) 12, Heolleung-ro, Seocho-gu, Seoul  
(Phone Number) 02-3464-1114

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2020 AND DECEMBER 31, 2019

ASSETS	NOTES	June 30, 2020	December 31, 2019
(In millions of Korean Won)			
Current assets:			
Cash and cash equivalents	20	₩ 10,883,777	₩ 8,681,971
Short-term financial instruments	20	5,344,943	7,292,626
Other financial assets	5,20	11,810,528	9,449,913
Trade notes and accounts receivable	3,20	2,697,901	3,513,090
Other receivables	4,20	3,887,249	3,402,059
Inventories	6	12,218,533	11,663,848
Current tax assets		151,875	112,046
Financial services receivables	14,20	30,191,989	30,178,200
Non-current assets classified as held for sale	8	-	11,493
Other assets	7,20	1,839,102	1,777,627
Total current assets		79,025,897	76,082,873
Non-current assets:			
Long-term financial instruments	20	241,614	803,262
Other financial assets	5,20	2,802,523	3,059,526
Long-term trade notes and accounts receivable	3,20	117,454	127,430
Other receivables	4,20	693,173	705,154
Property, plant and equipment	9,40	33,550,248	32,831,524
Investment property	10,40	166,507	171,494
Intangible assets	11,40	5,581,398	5,266,496
Investments in joint ventures and associates	13	19,634,310	18,375,290
Deferred tax assets		2,489,384	2,340,096
Financial services receivables	14,20	34,472,223	32,080,426
Operating lease assets	15	21,267,262	21,068,340
Right-of-use assets	12	854,949	734,542
Other assets	7,20	907,578	865,767
Total non-current assets		122,778,623	118,429,347
Total assets		₩ 201,804,520	₩ 194,512,220

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2020 AND DECEMBER 31, 2019

LIABILITIES AND EQUITY	NOTES	June 30, 2020	December 31, 2019
		(In millions of Korean Won)	
Current liabilities:			
Trade notes and accounts payable	20	₩ 7,346,250	₩ 7,669,424
Other payables	20	4,826,831	6,060,100
Short-term borrowings	16,20,40	12,129,672	12,570,693
Current portion of long-term debt and debentures	16,20,40	17,704,039	15,778,558
Income tax payable		436,275	370,100
Provisions	17	3,635,437	3,462,034
Other financial liabilities	18,20	31,477	9,970
Lease liabilities	12,20	142,714	132,388
Other liabilities	19,20	7,961,163	7,260,829
Total current liabilities		54,213,858	53,314,096
Non-current liabilities:			
Long-term other payables	20	812,669	847,287
Debentures	16,20,40	47,188,459	41,805,814
Long-term debt	16,20,40	12,519,333	11,217,088
Net defined benefit liabilities	35	419,314	412,598
Provisions	17	3,641,404	3,682,895
Other financial liabilities	18,20	264,186	175,196
Deferred tax liabilities		3,457,345	3,503,077
Lease liabilities	12,20	618,091	635,596
Other liabilities	19,20	2,621,726	2,552,819
Total non-current liabilities		71,542,527	64,832,370
Total liabilities		125,756,385	118,146,466
Equity:			
Capital stock	21	1,488,993	1,488,993
Capital surplus	22	4,196,999	4,197,015
Other capital items	23	(1,700,573)	(1,516,817)
Accumulated other comprehensive loss	24	(2,445,072)	(2,353,022)
Retained earnings	25	68,114,066	68,249,633
Equity attributable to the owners of the Company		69,654,413	70,065,802
Non-controlling interests		6,393,722	6,299,952
Total equity		76,048,135	76,365,754
Total liabilities and equity		₩ 201,804,520	₩ 194,512,220

(Concluded)

See accompanying notes to the consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2020 AND 2019

		2020		2019	
	NOTES	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
(In millions of Korean Won, except per share amounts)					
Sales	27,40	₩ 21,858,991	₩ 47,178,439	₩ 26,966,353	₩ 50,953,432
Cost of sales	32	18,147,164	39,201,302	22,343,313	42,417,730
Gross profit		3,711,827	7,977,137	4,623,040	8,535,702
Selling and administrative expenses	28,32	3,121,506	6,523,040	3,385,315	6,473,106
Operating profit		590,321	1,454,097	1,237,725	2,062,596
Gain (loss) on investments in joint ventures and associates, net	29	(51,110)	34,709	81,197	367,900
Finance income	30	301,935	454,891	200,986	433,611
Finance expenses	30	337,144	566,514	146,457	265,879
Other income	31	477,105	707,363	408,095	687,265
Other expenses	31,32	384,841	764,012	395,560	682,706
Profit before income tax		596,266	1,320,534	1,385,986	2,602,787
Income tax expense	34	218,996	390,582	386,690	649,706
Profit for the period		₩ 377,270	₩ 929,952	₩ 999,296	₩ 1,953,081
Profit attributable to:					
Owners of the Company		227,386	690,700	919,260	1,748,737
Non-controlling interests		149,884	239,252	80,036	204,344
Earnings per share attributable to the owners of the Company:	33				
Basic earnings per share:					
Common stock		₩ 869	₩ 2,642	₩ 3,490	₩ 6,632
1 <sup>st</sup> preferred stock		₩ 882	₩ 2,667	₩ 3,503	₩ 6,657
Diluted earnings per share:					
Common stock		₩ 868	₩ 2,641	₩ 3,490	₩ 6,632
1 <sup>st</sup> preferred stock		₩ 881	₩ 2,666	₩ 3,503	₩ 6,657

See accompanying notes to the consolidated financial statements.



HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2020 AND 2019

	2020		2019	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
	(In millions of Korean Won)			
Profit for the period	₩ 377,270	₩ 929,952	₩ 999,296	₩ 1,953,081
Other comprehensive income (loss):				
Items that will not be reclassified subsequently to profit or loss:				
Profit (loss) on financial assets measured at FVOCI, net	75,557	(251,168)	22,091	18,392
Remeasurements of defined benefit plans	9,974	(20,851)	(8,314)	(7,776)
Changes in retained earnings of equity-accounted investees, net	(20,555)	(13,007)	(29,075)	(41,183)
Changes in share of OCI of equity-accounted investees, net	18,993	3,900	10,323	14,318
	<u>83,969</u>	<u>(281,126)</u>	<u>(4,975)</u>	<u>(16,249)</u>
Items that may be reclassified subsequently to profit or loss:				
Profit on financial assets measured at FVOCI, net	13,143	1,409	6,207	11,323
Gain (loss) on valuation of cash flow hedge derivatives, net	52,148	(105,995)	(7,350)	6,939
Changes in share of OCI of equity-accounted investees, net	(54,695)	47,527	126,422	282,484
Gain (loss) on foreign operations translation, net	(287,433)	234,654	354,712	662,894
	<u>(276,837)</u>	<u>177,595</u>	<u>479,991</u>	<u>963,640</u>
Total other comprehensive income (loss)	<u>(192,868)</u>	<u>(103,531)</u>	<u>475,016</u>	<u>947,391</u>
Total comprehensive income	<u>₩ 184,402</u>	<u>₩ 826,421</u>	<u>₩ 1,474,312</u>	<u>₩ 2,900,472</u>
Comprehensive income attributable to:				
Owners of the Company	215,627	562,190	1,356,616	2,608,405
Non-controlling interests	(31,225)	264,231	117,696	292,067
Total comprehensive income	<u>₩ 184,402</u>	<u>₩ 826,421</u>	<u>₩ 1,474,312</u>	<u>₩ 2,900,472</u>

See accompanying notes to the consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2020 AND 2019

	Capital stock	Capital surplus	Other capital items	Accumulated other comprehensive income (loss) (In millions of Korean Won)	Retained earnings	Total equity attributable to the owners of the Company	Non- controlling interests	Total equity
Balance at January 1, 2019	₩ 1,488,993	₩ 4,201,214	₩ (1,155,244)	₩ (3,051,076)	₩ 66,490,082	₩ 67,973,969	₩ 5,922,041	₩ 73,896,010
Comprehensive income:								
Profit for the period	-	-	-	-	1,748,737	1,748,737	204,344	1,953,081
Gain (loss) on financial assets measured at FVOCI, net	-	-	-	25,391	(1,785)	23,606	6,109	29,715
Gain on valuation of cash flow hedge derivatives, net	-	-	-	5,695	-	5,695	1,244	6,939
Changes in valuation of equity-accounted investees, net	-	-	-	282,354	(41,183)	241,171	14,448	255,619
Remeasurements of defined benefit plans	-	-	-	-	(5,523)	(5,523)	(2,253)	(7,776)
Gain on foreign operations translation, net	-	-	-	594,719	-	594,719	68,175	662,894
Total comprehensive Income	-	-	-	908,159	1,700,246	2,608,405	292,067	2,900,472
Transactions with owners, recorded directly in equity:								
Payment of cash dividends	-	-	-	-	(800,301)	(800,301)	(58,503)	(858,804)
Increase in paid-in capital of subsidiaries by issuing stock	-	-	-	-	-	-	3,228	3,228
Acquisitions of investment of subsidiaries	-	-	-	-	-	-	2,169	2,169
Disposals of investment of subsidiaries	-	-	-	-	-	-	(33,068)	(33,068)
Purchases of treasury stocks	-	-	(233,830)	-	-	(233,830)	-	(233,830)
Others	-	(6,303)	-	-	(1)	(6,304)	12,686	6,382
Total transactions with owners, recorded directly in equity	-	(6,303)	(233,830)	-	(800,302)	(1,040,435)	(73,488)	(1,113,923)
Balance at June 30, 2019	₩ 1,488,993	₩ 4,194,911	₩ (1,389,074)	₩ (2,142,917)	₩ 67,390,026	₩ 69,541,939	₩ 6,140,620	₩ 75,682,559

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2020 AND 2019

	Capital stock	Capital surplus	Other capital items	Accumulated other comprehensive income (loss)	Retained earnings	Total equity attributable to the owners of the Company	Non- controlling interests	Total equity
	(In millions of Korean Won)							
Balance at January 1, 2020	₩ 1,488,993	₩ 4,197,015	₩ (1,516,817)	₩ (2,353,022)	₩ 68,249,633	₩ 70,065,802	₩ 6,299,952	₩ 76,365,754
Comprehensive income:								
Profit for the period	-	-	-	-	690,700	690,700	239,252	929,952
Gain (loss) on financial assets measured at FVOCI, net	-	-	-	(245,913)	(5,560)	(251,473)	1,714	(249,759)
Loss on valuation of cash flow hedge derivatives, net	-	-	-	(62,397)	-	(62,397)	(43,598)	(105,995)
Changes in valuation of equity-accounted investees, net	-	-	-	48,995	(13,007)	35,988	2,432	38,420
Remeasurements of defined benefit plans	-	-	-	-	(17,893)	(17,893)	(2,958)	(20,851)
Gain on foreign operations translation, net	-	-	-	167,265	-	167,265	67,389	234,654
Total comprehensive Income	-	-	-	(92,050)	654,240	562,190	264,231	826,421
Transactions with owners, recorded directly in equity:								
Payment of cash dividends	-	-	-	-	(790,489)	(790,489)	(103,290)	(893,779)
Increase in paid-in capital of subsidiaries by issuing stock	-	-	-	-	-	-	795	795
Disposals of investment of subsidiaries	-	-	-	-	-	-	(67,662)	(67,662)
Purchases of treasury stocks	-	-	(183,756)	-	-	(183,756)	-	(183,756)
Others	-	(16)	-	-	682	666	(304)	362
Total transactions with owners, recorded directly in equity	-	(16)	(183,756)	-	(789,807)	(973,579)	(170,461)	(1,144,040)
Balance at June 30, 2020	₩ 1,488,993	₩ 4,196,999	₩ (1,700,573)	₩ (2,445,072)	₩ 68,114,066	₩ 69,654,413	₩ 6,393,722	₩ 76,048,135

(Concluded)

See accompanying notes to the consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2020 AND 2019

	NOTES	Six-month period ended June 30,	
		2020	2019
		(In millions of Korean Won)	
Cash flows from operating activities:			
Cash generated from operations:	36		
Profit for the period		₩ 929,952	₩ 1,953,081
Adjustments		7,675,153	7,250,640
Changes in operating assets and liabilities		(6,906,441)	(6,498,813)
		<u>1,698,664</u>	<u>2,704,908</u>
Interest received		267,499	344,522
Interest paid		(991,111)	(998,005)
Dividend received		222,482	204,079
Income tax paid		(480,872)	(483,259)
Net cash provided by operating activities		<u>716,662</u>	<u>1,772,245</u>
Cash flows from investing activities:			
Changes in short-term financial instruments, net		2,363,030	(552,889)
Changes in other financial assets (current), net		(2,060,276)	390,743
Decrease in other financial assets (non-current)		5,273	2,650
Collection of other receivables		22,725	20,380
Disposals of long-term financial instruments		2,468	1,452
Proceeds from disposals of property, plant and equipment		45,459	20,405
Proceeds from disposals of intangible assets		619	2,590
Proceeds from disposals of investment of subsidiaries		76,133	-
Acquisitions of subsidiaries, net of cash acquired		(50,313)	2,169
Increases in other financial assets (non-current)		(50,953)	(345,771)
Increases in other receivables		(11,791)	(26,754)
Purchases of long-term financial instruments		31,527	(7,877)
Acquisitions of property, plant and equipment		(2,190,207)	(1,668,589)
Acquisitions of intangible assets		(727,840)	(629,178)
Acquisitions of investments in joint ventures and associates		(927,157)	(104,932)
Others		<u>68,829</u>	<u>52,700</u>
Net cash used in investing activities		<u>(3,402,474)</u>	<u>(2,842,901)</u>

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2020 AND 2019

	NOTES	Six-month period ended June 30,	
		2020	2019
		(In millions of Korean Won)	
Cash flows from financing activities:			
Repayment of short-term borrowings, net	₩	(1,657,864)	₩ (1,088,985)
Proceeds from long-term debt and debentures		17,546,334	12,506,800
Proceeds from capital contribution from non-controlling interest		795	3,228
Repayment of long-term debt and debentures		(9,809,069)	(9,073,733)
Repayment of lease liabilities		(104,903)	(83,322)
Purchases of treasury stocks		(183,756)	(233,830)
Dividends paid		(893,753)	(858,776)
Others		(22,358)	(40,081)
Net cash provided by financing activities		<u>4,875,426</u>	<u>1,131,301</u>
Effect of exchange rate changes on cash and cash equivalents		12,192	317,503
Net increase in cash and cash equivalents		2,201,806	378,148
Cash and cash equivalents, beginning of the period		<u>8,681,971</u>	<u>9,113,625</u>
Cash and cash equivalents, end of the period	₩	<u>10,883,777</u>	₩ <u>9,491,773</u>
(Concluded)			

See accompanying notes to the consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2020 AND 2019

**1. GENERAL:**

Hyundai Motor Company (the “Company” or “Parent Company”) was incorporated in December 1967, under the laws of the Republic of Korea. The Company and its subsidiaries (the “Group”) manufacture and distribute motor vehicles and parts, operate vehicle financing and credit card processing, and manufacture trains.

The shares of the Company have been listed on the Korea Exchange since June 1974, and the Global Depositary Receipts issued by the Company have been listed on the London Stock Exchange and Luxembourg Stock Exchange.

As of June 30, 2020, the major shareholders of the Company are Hyundai MOBIS (45,782,023 shares, 21.43%) and Mr. Chung, Mong Koo (11,395,859 shares, 5.33%).

(1) The Group’s consolidated subsidiaries as of June 30, 2020 are as follows.

Name of subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Hyundai Capital Services, Inc.	Financing	Korea	59.68%	
Hyundai Card Co., Ltd. (*1)	“	“	36.96%	
Hyundai Rotem Company (Hyundai Rotem) (*2)	Manufacturing	“	43.36%	
Hyundai KEFICO Corporation (Hyundai KEFICO)	“	“	100.00%	
Hyundai Auto Electronics Company Ltd.	R&D	“	60.00%	
Hyundai Partecs Co., Ltd.	Manufacturing	“	56.00%	
Hyundai NGV	Engineering	“	53.66%	
Maintrans Company	Services	“	100.00%	Hyundai Rotem 100.00%
Jeonbuk Hyundai Motors FC Co., Ltd.	Football club	“	100.00%	
Hyundai Motor America (HMA)	Sales	USA	100.00%	
Hyundai Capital America (HCA)	Financing	“	80.00%	HMA 80.00%
Hyundai Motor Manufacturing Alabama, LLC (HMMA)	Manufacturing	“	100.00%	HMA 100.00%
Hyundai Translead, Inc. (HT)	“	“	100.00%	
Stamped Metal American Research Technology, Inc. (SMARTI)	Holding company	“	72.45%	HMA 72.45%
Stamped Metal American Research Technology LLC	Manufacturing	“	100.00%	SMARTI 100.00%
Hyundai America Technical Center, Inc. (HATCI)	R&D	“	100.00%	
Genesis Motor America LLC	Sales	“	100.00%	HMA 100.00%
Hyundai Rotem USA Corporation	Manufacturing	“	100.00%	Hyundai Rotem 100.00%
Moceanlab Inc.	Mobility service	“	100.00%	
Genesis Air Mobility LLC	R&D	“	100.00%	
Hyundai Auto Canada Corp. (HACC)	Sales	Canada	100.00%	HMA 100.00%
Hyundai Auto Canada Captive Insurance Inc. (HACCI)	Insurance	“	100.00%	“
Hyundai Capital Canada Inc. (HCCA)	Financing	“	70.00%	Hyundai Capital Services 20.00%
Hyundai Capital Lease Inc. (HCLI)	“	“	100.00%	HCCA 100.00%
HK Lease Funding LP	“	“	100.00%	HCLI 99.99%, HCCA Funding Inc. 0.01%
HCCA Funding Inc.	“	“	100.00%	HCLI 100.00%
HCCA Funding Two Inc.	“	“	100.00%	HCCA 100.00%
HK Retail Funding LP	“	“	100.00%	HCCA 99.99%, HCCA Funding Two Inc 0.01%
Hyundai Motor India Limited (HMI)	Manufacturing	India	100.00%	
Hyundai Motor India Engineering Private Limited (HMIE)	R&D	“	100.00%	HMI 100.00%
Hyundai Capital India Private Limited (HCI)	Financing	“	100.00%	Hyundai Capital Services 100.00%
Hyundai Motor Japan Co., Ltd. (HMJ)	Sales	Japan	100.00%	
Hyundai Motor Japan R&D Center Inc. (HMJ R&D)	R&D	“	100.00%	

Name of subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Beijing Jingxian Motor Safeguard Service Co., Ltd. (BJMSS)	Sales	China	100.00%	
Beijing Jingxianronghua Motor Sale Co., Ltd.	"	"	100.00%	BJMSS 100.00%
Genesis Motor Sales (Shanghai) Co. Ltd.	"	"	100.00%	
Hyundai Millennium (Beijing) Real Estate Development Co., Ltd.	Real estate development	"	99.00%	CMEs 99.00%
Rotem Equipments (Beijing) Co., Ltd.	Sales	"	100.00%	Hyundai Rotem 100.00%
KEFICO Automotive Systems (Beijing) Co., Ltd.	Manufacturing	"	100.00%	Hyundai KEFICO 100.00%
KEFICO Automotive Systems (Chongqing) Co., Ltd.	"	"	90.00%	Hyundai KEFICO 90.00%
Hyundai Truck & Bus (China) Co., Ltd. (HTBC) (*3)	"	"	100.00%	
HYUNDAI THANH CONG VIETNAM AUTO MANUFACTURING CORPORATION (HTMV) (*1)	"	Vietnam	50.00%	
Hyundai Thanh cong Commercial Vehicle Joint Stock Company (HTCV) (*1)	Sales	"	50.00%	
HYUNDAI KEFICO VIETNAM COMPANY LIMITED	Manufacturing	"	100.00%	Hyundai KEFICO 100.00%
Hyundai Motor Company Australia Pty Limited (HMCA)	Sales	Australia	100.00%	
PT. HYUNDAI MOTOR MANUFACTURING INDONESIA (HMMI)	Manufacturing	Indonesia	99.99%	
Hyundai Motors Indonesia (HMID)	Sales	"	100.00%	
Hyundai Capital Australia Pty Limited	Financing	Australia	100.00%	Hyundai Capital Services 100.00%
HR Mechanical Services Limited	Services	New Zealand	100.00%	Hyundai Rotem 100.00%
Hyundai Motor Manufacturing Czech, s.r.o. (HMMC)	Manufacturing	Czech	100.00%	
Hyundai Motor Czech s.r.o (HMCZ)	Sales	"	100.00%	
Hyundai Motor Europe GmbH (HME)	Marketing and Sales	Germany	100.00%	
Hyundai Motor Deutschland GmbH (HMD)	Sales	"	100.00%	
Hyundai Motor Europe Technical Center GmbH (HMETC)	R&D	"	100.00%	
Hyundai Motor Sport GmbH (HMSG)	Marketing	"	100.00%	HME 100.00%
Hyundai Capital Europe GmbH	Financing	"	100.00%	Hyundai Capital Services 100.00%
Hyundai Motor Commonwealth of Independent States B.V (HMCIS B.V)	Holding company	Netherlands	100.00%	HMMR 1.65%
Hyundai Motor Netherlands B.V. (HMNL)	Sales	"	100.00%	
Hyundai Motor Manufacturing Rus LLC (HMMR)	Manufacturing	Russia	70.00%	
Hyundai Motor Commonwealth of Independent States (HMCIS)	Sales	"	100.00%	HMCIS B.V 100.00%
Hyundai Mobility Lab (HML)	R&D	"	100.00%	HMCIS 99.00%, HMMR 1.00%
Hyundai Capital Services Limited Liability Company	Financing	"	100.00%	Hyundai Capital Europe 100.00%
Hyundai Truck And Bus Rus LLC (HTBR)	Sales	"	100.00%	
Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S. (HAOSVT)	Manufacturing	Turkey	70.00%	
Hyundai EURotem Demiryolu Araclari Sanayi ve Ticaret A.S	"	"	50.50%	Hyundai Rotem 50.50%
Hyundai Rotem Company – Hyundai EURotem Demiryolu Araclari SAN. VE TIC. A.S ORTAK GIRISIMI	Sales	"	100.00%	Hyundai Rotem 65.00%, Hyundai EURotem A.S. 35.00%
Hyundai Rotem Company – Hyundai EUrotam Mahmutbey Projesi ORTAK GIRISIMI	"	"	100.00%	Hyundai Rotem 85.00%, Hyundai EURotem A.S. 15.00%
Hyundai Rotem Malaysia SDN BHD	"	Malaysia	100.00%	Hyundai Rotem 100.00%
Hyundai Motor UK Limited (HMUK)	"	UK	100.00%	
Hyundai Motor Company Italy S.r.l (HMCi)	"	Italy	100.00%	

Name of subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Hyundai Motor Espana, S.L.U. (HMES)	"	Spain	100.00%	
Hyundai Motor France SAS (HMF)	"	France	100.00%	
Hyundai Motor Poland Sp. Zo. O (HMP)	"	Poland	100.00%	
Genesis Motor Europe Gmbh (GME)	"	Germany	100.00%	
Genesis Motor UK Limited (GMUK)	"	UK	100.00%	GME 100.00%
Genesis Motor Switzerland AG (GMCH)	"	Switzerland	100.00%	
Hyundai Hydrogen Mobility AG (HHM)	"	"	75.00%	
HYUNDAI MOTOR SINGAPORE PTE. LTD. (HMS)	Manufacturing	Singapore	100.00%	
Hyundai Motor DE Mexico S DE RL DE CV (HMM)	Sales	Mexico	100.00%	HT 0.01%
Hyundai de Mexico, SA DE C.V., (HYMEX)	Manufacturing	"	99.99%	HT 99.99%
HYUNDAI KEFICO MEXICO, S. DE R.L.DE C.V.	"	"	100.00%	Hyundai KEFICO 100.00%
Hyundai Rio Vista, Inc.	Real estate development	USA	100.00%	HT 100.00%
Hyundai Motor Brasil Montadora de Automoveis LTDA (HMB)	Manufacturing	Brazil	100.00%	
Hyundai Capital Brasil Servicos De Assistencia Financeira Ltda	Financing	"	100.00%	Hyundai Capital Services 100.00%
Hyundai Rotem Brasil Industria E Comercio De Trens Ltda.	Manufacturing	"	100.00%	Hyundai Rotem 100.00%
HMB Holding Participacoes Financeiras Ltda.	Holding company	"	99.99%	HMB 99.99%
China Millennium Corporations (CMEs)	"	Cayman Islands	59.60%	
China Mobility Fund, L.P.	Investment	"	72.00%	
KyoboAXA Private Tomorrow Securities Investment Trust No.12	"	Korea	100.00%	
Shinhan BNPP Private Corporate Security Investment Trust No.34	"	"	100.00%	
KB Leaders Private Securities Fund1(Bond Mixed)	"	"	100.00%	
Samsung ETF rotation Private Investment Trust 1	"	"	100.00%	
ZER01NE Accelerator Investment Fund No.1	"	"	99.00%	
Hydrogen Energy Industry Fund	"	China (Hong Kong)	69.00%	
Autopia Fifty-ninth ~ Sixtieth, Sixty-second ~ Sixty-ninth Asset Securitization Specialty Company (*1)	Financing	Korea	0.50%	Hyundai Capital Services 0.50%
Super Series Fourth ~ NinthSecuritization Specialty Co., Ltd. (*1)	"	"	0.50%	Hyundai Card 0.50%
Bluewalnut Co., Ltd.	"	"	100.00%	Hyundai Card 100.00%
MOCEAN Co.,Ltd	Mobility Service	"	80.00%	
Hyundai CHA Funding, LLC	Financing	USA	100.00%	HCA 100.00%
Hyundai Lease Titling Trust	"	"	100.00%	"
Hyundai HK Funding, LLC	"	"	100.00%	"
Hyundai HK Funding Two, LLC	"	"	100.00%	"
Hyundai HK Funding Three, LLC	"	"	100.00%	"
Hyundai HK Funding Four, LLC	"	"	100.00%	"
Hyundai ABS Funding, LLC	"	"	100.00%	"
HK Real Properties, LLC	"	"	100.00%	"
Hyundai Auto Lease Offering, LLC	"	"	100.00%	"
Hyundai HK Lease, LLC	"	"	100.00%	"
Extended Term Amortizing Program, LLC	"	"	100.00%	"
Hyundai Asset Backed Lease, LLC	"	"	100.00%	"
HCA Exchange, LLC	"	"	100.00%	"
Hyundai Protection Plan, Inc.	Insurance	"	100.00%	"
Hyundai Protection Plan Florida, Inc.	"	"	100.00%	"
Hyundai Capital Insurance Services, LLC	"	"	100.00%	"
Hyundai Capital Insurance Company	"	"	100.00%	"
Power Protect Extended Services, Inc.	"	"	100.00%	"
Power Protect Extended Services Florida, Inc.	"	"	100.00%	"



- (\*1) The Group is considered to have substantive control over the entities by virtue of an agreement or relationship with other investors, or relationship with structured entities.
- (\*2) Even though the shareholding ratio of ownership is less than half, the Group has de facto control over the entity due to the relative size of the voting rights held and the degree of share dispersion of other voting rights holders.
- (\*3) During the six-month period ended June 30, 2020, the Group acquired additional 50% of the shares of the Sichuan Hyundai Motor Company (CHMC) which was classified as a joint venture as of December 31, 2019. Accordingly, it was reclassified as a subsidiary and the name of company was changed to Hyundai Truck & Bus (China) Co., Ltd. (HTBC).

- (2) Summarized financial position and results of operations of major consolidated subsidiaries as of and for the six-month period ended June 30, 2020 are as follows.

Name of subsidiaries	Assets	Liabilities	Sales	Profit (loss) for the period
	(In millions of Korean Won)			
Hyundai Capital Services, Inc. (*)	₩ 32,649,353	₩ 28,158,460	₩ 1,662,812	₩ 186,263
Hyundai Card Co., Ltd. (*)	18,555,321	15,220,268	1,244,768	166,151
Hyundai Rotem Company (*)	4,116,062	3,013,710	1,327,090	17,062
Hyundai KEFICO Corporation (*)	1,998,420	1,330,013	822,790	6,413
HCA (*)	46,787,502	41,707,273	5,719,716	56,118
HMA	6,908,004	5,754,522	8,814,511	(120,501)
HMMA	4,581,989	2,152,968	2,564,249	(164,215)
HMMC	3,928,994	1,714,573	2,297,728	61,255
HMI (*)	3,234,445	1,129,225	1,969,132	38,442
HME (*)	2,013,770	1,970,782	4,310,063	5,179
HMMR	1,761,297	929,608	1,222,132	69,894
HACC (*)	1,396,715	764,396	1,257,212	28,350
HAOSVT	1,373,339	899,110	1,101,995	21,770
HMB	1,142,216	962,299	529,539	(89,842)
HMCA	452,869	305,290	610,592	(888)

(\*) Based on the subsidiary's consolidated financial statements

Summarized financial position and results of operations of major consolidated subsidiaries as of and for the six-month period ended June 30, 2019 are as follows.

Name of subsidiaries	Assets	Liabilities	Sales	Profit (loss) for the period
	(In millions of Korean Won)			
Hyundai Capital Services, Inc. (*)	₩ 32,136,609	₩ 27,856,244	₩ 1,650,060	₩ 199,666
Hyundai Card Co., Ltd. (*)	16,483,078	13,228,136	1,236,847	121,822
Hyundai Rotem Company (*)	4,041,258	2,987,109	1,222,104	(49,767)
Hyundai KEFICO Corporation (*)	1,756,715	1,104,463	1,010,413	33,317
HCA (*)	38,991,056	34,264,373	5,304,161	129,822
HMA	7,655,473	6,513,818	8,025,698	(155,482)
HMMA	4,796,259	1,970,078	3,762,307	101,214
HMMC	4,047,392	2,098,107	3,119,777	252,271
HMI (*)	4,001,150	1,561,780	3,556,647	214,199
HME (*)	1,869,099	1,837,285	4,858,168	3,774
HACC (*)	1,552,720	1,000,951	1,579,567	3,059
HMMR	1,548,456	815,439	1,563,411	87,273
HMB	1,255,908	814,917	1,070,979	(2,828)
HAOSVT	1,250,619	832,701	1,205,498	22,402
HMCA	645,076	491,646	871,281	3,061

(\*) Based on the subsidiary's consolidated financial statements

- (3) The financial statements of all subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting periods as the Company's.

- (4) Summarized cash flows of non-wholly owned subsidiaries that have material non-controlling interests to the Group and subsidiaries of finance segment for the six-month period ended June 30, 2020 are as follows.

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
(In millions of Korean Won)			
Provided by (used in) operating activities	₩ 468,162	₩ (499,851)	₩ 219,035
Provided by (used in) investing activities	(101,146)	(25,687)	156,687
Provided by (used in) financing activities	102,001	975,718	(219,525)
Effect of exchange rate changes on cash and cash equivalents	-	485	(1,625)
Net increase in cash and cash equivalents	₩ 469,017	₩ 450,665	₩ 154,572

Summarized cash flows of non-wholly owned subsidiaries that had material non-controlling interests to the Group and subsidiaries of finance segment for the six-month period ended June 30, 2019 are as follows.

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
(In millions of Korean Won)			
Provided by (used in) operating activities	₩ (1,836,553)	₩ (40,855)	₩ 32,516
Provided by (used in) investing activities	(48,812)	(14,417)	6,687
Provided by financing activities	1,998,545	347,949	65,260
Effect of exchange rate changes on cash and cash equivalents	-	-	(3,869)
Net increase in cash and cash equivalents	₩ 113,180	₩ 292,677	₩ 100,594

- (5) Details of non-wholly owned subsidiaries of the Company that have material non-controlling interests as of and for the six-month period ended June 30, 2020 are as follows.

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
(In millions of Korean Won)			
Ownership percentage of non-controlling interests	40.32%	63.04%	56.64%
Accumulated non-controlling interests	₩ 1,815,290	₩ 2,202,779	₩ 571,283
Profit attributable to non-controlling interests	74,510	104,753	11,390
Dividends paid to non-controlling interests	36,081	63,429	3,733

Details of non-wholly owned subsidiaries of the Company that had material non-controlling interests as of and for the year ended December 31, 2019 are as follows.

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
(In millions of Korean Won)			
Ownership percentage of non-controlling interests	40.32%	63.04%	56.64%
Accumulated non-controlling interests	₩ 1,799,627	₩ 2,187,458	₩ 619,526
Profit (loss) attributable to non-controlling interests	139,538	105,669	(207,940)
Dividends paid to non-controlling interests	35,200	19,423	3,833

(6) Changes in consolidated subsidiaries

Subsidiaries newly included in or excluded from consolidation for the six-month period ended June 30, 2020 are as follows.

Changes	Name of subsidiaries	Description
Included	Super Series Eighth Securitization Specialty Co., Ltd	Establishment
"	Super Series Ninth Securitization Specialty Co., Ltd	"
"	Hyundai Motors Indonesia (HMID)	"
"	Genesis Motor Switzerland AG (GMCH)	"
"	Genesis Air Mobility LLC	"
"	Autopia Sixty- Ninth Asset Securitization Specialty Company	"
"	Hyundai Truck & Bus (China) Co., Ltd. (HTBC)	Acquisition
Excluded	Autopia Fifty- Seventh Asset Securitization Specialty Company	Liquidation
"	Autopia Fifty- Eighth Asset Securitization Specialty Company	"
"	Autopia Sixty- First Asset Securitization Specialty Company	"
"	Super Series Third Securitization Specialty Co., Ltd	"
"	Green Air Co., Ltd.	Disposition

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

### (1) Basis of consolidated financial statements preparation

The Group's condensed consolidated interim financial statements as of June 30, 2020 and for the six-month periods ended June 30, 2020 and 2019, respectively, are prepared in accordance with K-IFRS 1034, *Interim Financial Reporting*. The condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2019, which have been prepared in accordance with K-IFRS.

There are new or amended accounting standards effective from January 1, 2020, but those standards did not have a material impact on the Group's consolidated financial statements. Except for these standards, the significant accounting policies used for the preparation of the condensed consolidated interim financial statements are consistent with those applied to the annual consolidated financial statements for the year ended December 31, 2019.

### (2) Significant accounting estimates and key sources of estimation uncertainties

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that cannot be identified from other sources. The estimation and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may be different from those estimations.

The management expects that the COVID-19 outbreak from early 2020 will have an impact on most of the regional and operating sectors in which the Group operates. However, as the extent and duration of the impacts of COVID-19 outbreak remain uncertain, the financial impact cannot be reasonably estimated.

Significant judgments made by management on the Group's application of accounting policies and the major sources of estimation uncertainty for the preparation of financial statements to be the same as the annual consolidated financial statements for the year ended December 31, 2019.

### 3. TRADE NOTES AND ACCOUNTS RECEIVABLE:

(1) Trade notes and accounts receivable as of June 30, 2020 and December 31, 2019 are as follows.

Description	June 30, 2020		December 31, 2019	
	Current	Non-current	Current	Non-current
(In millions of Korean Won)				
Trade notes and accounts receivable	₩ 2,741,941	₩ 121,035	₩ 3,580,654	₩ 131,089
Loss allowance	(44,040)	(110)	(67,564)	-
Present value discount accounts	-	(3,471)	-	(3,659)
	<u>₩ 2,697,901</u>	<u>₩ 117,454</u>	<u>₩ 3,513,090</u>	<u>₩ 127,430</u>

(2) Aging analysis of trade notes and accounts receivable

As of June 30, 2020, aging analysis of total trade notes and accounts receivable that are past due, but not impaired are as follows.

Description	Not overdue	Overdue Within 90days	Overdue Within 180days	Overdue	Total amounts	Amount of impaired receivables
			More than 91days	More than 181 days		
(In millions of Korean Won)						
Total trade note and accounts receivable	₩ 2,514,932	₩ 210,138	₩ 24,397	₩ 113,509	₩ 2,862,976	₩ 44,150

As of December 31, 2019, aging analysis of total trade notes and accounts receivable that are past due, but not impaired are as follows.

Description	Not overdue	Overdue Within 90days	Overdue Within 180days	Overdue	Total amounts	Amount of impaired receivables
			More than 91days	More than 181 days		
(In millions of Korean Won)						
Total trade note and accounts receivable	₩ 3,071,945	₩ 504,725	₩ 17,624	₩ 117,449	₩ 3,711,743	₩ 67,564

(3) The changes in loss allowance for the six-month periods ended June 30, 2020 and 2019 are as follows.

Description	Six-month period ended June 30,	
	2020	2019
(In millions of Korean Won)		
Beginning of the period	₩ 67,564	₩ 69,363
Reversal	(23,621)	(2,002)
Write-off	(50)	(209)
Effect of foreign exchange differences and others	257	426
End of the period	<u>₩ 44,150</u>	<u>₩ 67,578</u>

#### 4. OTHER RECEIVABLES:

(1) Other receivables as of June 30, 2020 and December 31, 2019 are as follows.

Description	June 30, 2020		December 31, 2019	
	Current	Non-current	Current	Non-current
(In millions of Korean Won)				
Accounts receivable – others	₩ 2,718,785	₩ 352,478	₩ 2,219,810	₩ 345,978
Due from customers for contract work	1,150,538	-	1,171,029	-
Lease and rental deposits	20,726	302,856	19,259	313,334
Deposits	5,118	37,839	2,626	41,139
Others	5,914	-	4,738	4,703
Loss allowance	(13,832)	-	(15,403)	-
	₩ 3,887,249	₩ 693,173	₩ 3,402,059	₩ 705,154

(2) The changes in other allowance for the six-month periods ended June 30, 2020 and 2019 are as follows.

Description	Six-month period ended June 30,	
	2020	2019
(In millions of Korean Won)		
Beginning of the period	₩ 15,403	₩ 13,826
Impairment loss (reversal)	(1,014)	1,898
Write-off	(563)	(424)
Effect of foreign exchange differences	6	9
End of the period	₩ 13,832	₩ 15,309

#### 5. OTHER FINANCIAL ASSETS:

(1) Other financial assets as of June 30, 2020 are as follows.

Description	June 30, 2020	
	Current	Non-current
(In millions of Korean Won)		
Financial assets measured at FVPL	₩ 11,621,695	₩ 593,434
Financial assets measured at FVOCI	50,440	1,897,149
Financial assets measured at amortized cost	32,617	6,130
Derivative assets that are effective hedging instruments	105,776	305,810
	₩ 11,810,528	₩ 2,802,523

Other financial assets as of December 31, 2019 are as follows.

Description	December 31, 2019	
	Current	Non-current
(In millions of Korean Won)		
Financial assets measured at FVPL	₩ 9,314,383	₩ 623,040
Financial assets measured at FVOCI	37,255	2,241,379
Financial assets measured at amortized cost	48,275	61,271
Derivative assets that are effective hedging instruments	50,000	133,836
	₩ 9,449,913	₩ 3,059,526

(2) Financial assets measured at FVOCI as of June 30, 2020 and December 31, 2019 are as follows.

Description	June 30, 2020		December 31, 2019	
	Acquisition cost	Book value	Book value	
		(In millions of Korean Won)		
Debt instruments	₩ 343,170	₩ 363,128	₩	361,138
Equity instruments (*)	1,833,233	1,584,461		1,917,496
	₩ 2,176,403	₩ 1,947,589	₩	2,278,634

(\*) The Group makes an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading at the date of initial application of K-IFRS 1109.

(3) Equity instruments classified into financial assets measured at FVOCI as of June 30, 2020 and December 31, 2019 are as follows.

Name of the company	Ownership percentage (%)	June 30, 2020		December 31, 2019	
		Acquisition cost	Book value	Book value	
		(In millions of Korean Won)			
Hyundai Oilbank Co., Ltd.	4.35	₩ 53,734	₩ 276,152	₩	276,152
Hyundai Steel Company (*1)	6.87	903,897	233,809		358,697
Hyundai Glovis Co., Ltd.	4.88	210,688	185,840		261,824
Korea Shipbuilding & Offshore Engineering Co., Ltd.	2.31	42,443	142,712		206,557
Korea Aerospace Industries, Ltd. (*2)	-	73,331	112,362		161,092
Hyundai Heavy Industries Holdings Co., Ltd.	2.20	9,018	85,351		117,270
NICE Information Service Co., Ltd.	2.25	3,312	24,928		19,055
Hyundai Green Food Co., Ltd.	2.36	15,005	17,839		27,346
Hyundai M Partners Co., Ltd.	9.29	9,888	11,218		9,704
NICE Holdings Co., Ltd.	1.30	3,491	10,422		10,275
KT Corporation	0.09	8,655	5,654		6,482
Hyundai Asan Corporation	1.40	22,500	2,117		2,117
HMM Co., Ltd. (Formerly, Hyundai Merchant Marine Co., Ltd.) (*3)	-	-	-		351
Others		477,271	476,057		460,574
		₩ 1,833,233	₩ 1,584,461	₩	1,917,496

(\*1) The Group entered into a total return swap agreement to transfer 2,231,716 shares out of total 11,405,311 shares with a third party.

(\*2) The Group entered into a total return swap agreement to transfer total shares with a third party.

(\*3) During the six-month period ended June 30, 2020, the name of the company has been changed from Hyundai Merchant Marine Co., Ltd. to HMM Co., Ltd. and the Group has completed the process of disposal of all of its shares.

## 6. INVENTORIES:

Inventories as of June 30, 2020 and December 31, 2019 are as follows.

Description	June 30, 2020		December 31, 2019	
	(In millions of Korean Won)			
Finished goods	₩	6,626,934	₩	6,828,461
Merchandise		58,856		45,235
Semifinished goods		595,788		550,146
Work in progress		552,413		424,261
Raw materials		2,084,588		1,468,306
Supplies		311,786		305,130
Materials in transit		648,259		690,342
Others (*1)		1,339,909		1,351,967
Total (*2)	₩	12,218,533	₩	11,663,848

(\*1) As of June 30, 2020 and December 31, 2019, others include inventories provided by operating lease with repurchase agreement in the amount of ₩180,723 million and ₩558,239 million, respectively.

(\*2) As of June 30, 2020 and December 31, 2019, the Group recognized a valuation allowance in the amount of ₩165,978 million and ₩166,016 million, respectively.

## 7. OTHER ASSETS:

Other assets as of June 30, 2020 and December 31, 2019 are as follows.

Description	June 30, 2020		December 31, 2019	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Accrued income	₩ 323,829	₩ 1,156	₩ 329,909	₩ 1,257
Advanced payments	700,139	-	686,785	-
Prepaid expenses	415,447	831,046	427,780	780,503
Prepaid value-added tax and others	399,687	75,376	333,153	84,007
	₩ 1,839,102	₩ 907,578	₩ 1,777,627	₩ 865,767

## 8. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE:

Non-current assets classified as held for sale as of June 30, 2020 and December 31, 2019 are as follows.

Description	June 30, 2020		December 31, 2019	
	(In millions of Korean Won)			
Land	₩	-	₩	8,169
Building		-		3,324
Total (*)	₩	-	₩	11,493

(\*) Hyundai Capital Services, Inc., which is a subsidiary of the Company, completed the process of disposal of the office located in Dae-gu and Hyundai Rotem Company, which is a subsidiary of the Company, completed the process of selling certain portion of their property, plant and equipment ("PP&E") to Hyundai MOBIS Co., Ltd during the six-month period ended June 30, 2020.

## 9. PROPERTY, PLANT AND EQUIPMENT:

The changes in property, plant and equipment ("PP&E") for the six-month periods ended June 30, 2020 and 2019 are as follows.

Description	Six-month period ended June 30,			
	2020		2019	
	(In millions of Korean Won)			
Beginning of the period	₩	32,831,524	₩	30,545,608
Acquisitions		1,953,119		1,305,907
Disposals		(61,572)		(49,876)
Depreciation		(1,333,397)		(1,228,951)
Transfer to assets classified as held for sale		(64,889)		-
Others (*)		225,463		205,905
End of the period	₩	33,550,248	₩	30,778,593

(\*) Others include the effect of foreign exchange differences, transfers from or to other accounts, changes in the scope of consolidation and others.

## 10. INVESTMENT PROPERTY:

(1) The changes in investment property for the six-month periods ended June 30, 2020 and 2019 are as follows.

Description	Six-month period ended June 30,			
	2020		2019	
	(In millions of Korean Won)			
Beginning of the period	₩	171,494	₩	189,334
Disposals		-		(7,602)
Depreciation		(5,405)		(5,361)
Effect of foreign exchange differences		418		708
End of the period	₩	166,507	₩	177,079

(2) Income and expenses related to investment property for the three-month and six-month periods ended June 30, 2020 and 2019 are as follows.

Description	2020		2019	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
	(In millions of Korean Won)			
Rental income	₩ 11,670	₩ 23,377	₩ 11,812	₩ 22,985
Operating and maintenance expenses	4,076	8,322	4,269	8,405

## 11. INTANGIBLE ASSETS:

(1) The changes in intangible assets for the six-month periods ended June 30, 2020 and 2019 are as follows.

Description	Six-month period ended June 30,			
	2020		2019	
	(In millions of Korean Won)			
Beginning of the period	₩	5,266,496	₩	4,921,383
Internal developments and external acquisitions		706,503		623,760
Disposals		(1,084)		(4,348)
Amortization		(709,279)		(636,312)
Impairment loss		(29,468)		(17,827)
Others (*)		348,230		60,331
End of the period	₩	5,581,398	₩	4,946,987

(\*) Others include the effect of foreign exchange differences, transfers from or to other accounts, changes in the scope of consolidation and others.



- (2) Research and development expenditures for the three-month and six-month periods ended June 30, 2020 and 2019 are as follows.

Description	2020		2019	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
	(In millions of Korean Won)			
Development costs (intangible assets)	₩ 366,440	₩ 631,341	₩ 301,605	₩ 533,340
Research and development (*1)	356,715	689,345	330,892	610,755
Total (*2)	₩ 723,155	₩ 1,320,686	₩ 632,497	₩ 1,144,095

(\*1) Presented in manufacturing costs, administrative expenses and other expenses.

(\*2) Amortization of development costs is not included.

## 12. LEASE (AS A LESSEE):

- (1) The changes in right-of-use assets for the six-month periods ended June 30, 2020 and 2019 are as follows.

Description	Six-month period ended June 30,	
	2020	2019
	(In millions of Korean Won)	
Beginning of the period	₩ 734,542	₩ -
Impact on transition to K-IFRS 1116	-	650,422
Acquisitions	140,019	99,458
Disposals	(46,708)	(30,803)
Depreciation	(98,851)	(82,127)
Others (*)	125,947	14,752
End of the period	₩ 854,949	₩ 651,702

(\*) Others include the effect of foreign exchange differences, changes in the scope of consolidation and others.

- (2) Lease liabilities as of June 30, 2020 and December 31, 2019 are as follows.

Description	June 30, 2020		December 31, 2019	
	(In millions of Korean Won)			
Undiscounted lease liabilities	₩	974,765	₩	979,101
Discounted lease liabilities		760,805		767,984
Current		142,714		132,388
Non-current		618,091		635,596

### 13. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

(1) Investments in joint ventures and associates as of June 30, 2020 and December 31, 2019 are as follows.

Name of the company	Nature of business	Location	Ownership percentage (%)	June 30, 2020	December 31, 2019
				Book value (In millions of Korean Won)	Book value
Beijing-Hyundai Motor Company (BHMC) (*1)	Manufacturing	China	50.00	₩ 1,090,532	₩ 1,256,925
Beijing Hyundai Qiche Financing Company (BHAF) (*1,3)	Financing	"	53.00	620,744	577,810
Hyundai WIA Automotive Engine (Shandong) Company (WAE)	Manufacturing	"	22.00	150,104	154,136
Hyundai-Aptiv AD LLC(*1)	R&D	USA	26.00	1,217,052	-
Hyundai Capital Bank Europe GmbH (HCBE)	Financing	Germany	49.00	272,453	159,948
Kia Motors Corporation	Manufacturing	Korea	33.88	9,658,754	9,655,017
Hyundai Engineering & Construction Co., Ltd.	Construction	"	20.95	2,866,773	2,859,169
Hyundai Transys Inc.	Manufacturing	"	41.13	1,016,645	1,026,563
Hyundai WIA Corporation	"	"	25.35	693,210	682,526
Hyundai Motor Securities Co., Ltd.	Securities brokerage	"	27.49	296,004	283,446
Hyundai Commercial Inc.	Financing	"	37.50	272,875	255,800
Eukor Car Carriers Inc. (*2)	Transportation	"	12.00	171,406	173,212
Hyundai Autoever Corp.	IT service	"	28.48	148,968	145,076
Haevichi Hotels & Resorts Co., Ltd.	Hotelkeeping	"	41.90	97,903	101,578
Others				1,060,887	1,044,084
				₩ 19,634,310	₩ 18,375,290

- (\*1) Each of the joint arrangements in which the Group retains joint control is structured through a separate entity and there are no contractual terms stating that the parties retain rights to the assets and obligations for the liabilities relating to the joint arrangement or other relevant facts and circumstances. As a result, the Group considers that the parties that retain joint control in the arrangement have rights to the net assets and classifies the joint arrangements as joint ventures. Also, there are restrictions, which require consent from the director who is designated by the other investors, for certain transactions, such as payment of dividend.
- (\*2) As the Group is considered to be able to exercise significant influence by representation on the board of directors of the investee and other reasons, although the total ownership percentage is less than 20%, the investment is accounted for using the equity method.
- (\*3) The entity is categorized as a joint venture although the Group's total ownership percentage is a majority share of 53%, because the Group does not have control over the entity by virtue of an agreement with the other investors.

- (2) The changes in investments in joint ventures and associates for the six-month period ended June 30, 2020 are as follows.

Name of the company	Beginning of the period	Acquisitions (disposals)	Share of profits (losses) for the period	Dividends	Others (*1)	End of the period
(In millions of Korean Won)						
BHMC	₩ 1,256,925	₩ -	₩ (199,741)	₩ -	₩ 33,348	₩ 1,090,532
BHAF	577,810	-	29,570	-	13,364	620,744
WAE	154,136	-	(7,757)	-	3,725	150,104
Hyundai-Aptiv AD LLC (*2)	-	1,295,714	(47,467)	-	(31,195)	1,217,052
HCBE	159,948	103,275	144	-	9,086	272,453
Kia Motors Corporation	9,655,017	-	151,286	(157,916)	10,367	9,658,754
Hyundai Engineering & Construction Co., Ltd.	2,859,169	-	24,078	(13,996)	(2,478)	2,866,773
Hyundai Transys Inc.	1,026,563	-	(9,755)	-	(163)	1,016,645
Hyundai WIA Corporation	682,526	-	10,907	(4,826)	4,603	693,210
Hyundai Motor Securities Co., Ltd.	283,446	-	14,772	(4,839)	2,625	296,004
Hyundai Commercial Inc.	255,800	-	19,909	-	(2,834)	272,875
Eukor Car Carriers Inc.	173,212	-	(7,616)	-	5,810	171,406
Hyundai Autoever Corp.	145,076	-	7,868	(4,246)	270	148,968
Haevichi Hotels & Resorts Co., Ltd.	101,578	-	(2,770)	-	(905)	97,903
Others	1,044,084	15,261	8,845	(3,215)	(4,088)	1,060,887
	<u>₩ 18,375,290</u>	<u>₩ 1,414,250</u>	<u>₩ (7,727)</u>	<u>₩ (189,038)</u>	<u>₩ 41,535</u>	<u>₩ 19,634,310</u>

(\*1) Others consist of changes in accumulated other comprehensive income (loss) and others.

(\*2) The joint venture was incorporated during the six-month period ended June 30, 2020, and the acquisition cost is measured as the fair value of paid cash, contributed patent licenses and the provision of services in exchange for the shares of the joint venture.

The changes in investments in joint ventures and associates for the six-month period ended June 30, 2019 are as follows.

Name of the company	Beginning of the period	Acquisitions (disposals)	Share of profits (losses) for the period	Dividends	Others (*1)	End of the period
(In millions of Korean Won)						
BHMC	₩ 1,484,794	₩ -	₩ (179,675)	₩ -	₩ 50,659	₩ 1,355,778
BHAF	530,161	-	23,916	-	14,839	568,916
WAE	151,248	10,138	4,272	(10,138)	4,930	160,450
HCBE (*2)	-	-	(597)	-	129,987	129,390
Kia Motors Corporation	9,001,505	-	395,534	(123,586)	107,093	9,380,546
Hyundai Engineering & Construction Co., Ltd.	2,801,084	-	44,129	(11,664)	20,476	2,854,025
Hyundai Transys Inc.	992,259	334	14,633	-	(6,606)	1,000,620
Hyundai WIA Corporation	674,651	-	7,480	(4,136)	6,928	684,923
Hyundai Motor Securities Co., Ltd.	265,711	-	14,278	(3,630)	1,794	278,153
Hyundai Commercial Inc.	218,983	-	15,182	-	3,893	238,058
Eukor Car Carriers Inc.	159,699	-	3,164	-	6,059	168,922
Hyundai Autoever Corp.	129,173	-	7,416	(4,126)	2,985	135,448
Haevichi Hotels & Resorts Co., Ltd.	104,009	-	(1,553)	-	(6)	102,450
Others	629,962	94,460	5,476	(11,520)	13,608	731,986
	<u>₩ 17,143,239</u>	<u>₩ 104,932</u>	<u>₩ 353,655</u>	<u>₩ (168,800)</u>	<u>₩ 356,639</u>	<u>₩ 17,789,665</u>

(\*1) Others consist of changes in accumulated other comprehensive income (loss) and others.

(\*2) Others include ₩98,179 million which represents the estimated fair value of the remaining interest in the investment after the partial disposal during the six-month period ended June 30, 2019.

- (3) Summarized financial information of the Group's major joint ventures and associates as of and for the six-month period ended June 30, 2020 is as follows.

Name of the company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
	(In millions of Korean Won)			
BHMC	₩ 3,461,157	₩ 4,443,631	₩ 4,860,248	₩ 591,786
BHAF (*)	6,174,193	-	5,002,978	-
WAE	629,592	603,487	410,822	139,968
Hyundai-Aptiv AD LLC	1,889,701	2,940,992	29,861	46,340
HCBE (*)	2,934,379	-	2,426,668	-
Kia Motors Corporation	23,799,689	34,540,285	19,403,021	10,034,868
Hyundai Engineering & Construction Co., Ltd.	14,393,321	4,400,272	7,162,926	2,820,009
Hyundai Transys Inc.	3,184,685	2,723,719	1,971,619	1,502,877
Hyundai WIA Corporation	3,450,496	3,148,211	1,682,992	1,801,020
Hyundai Motor Securities Co., Ltd (*)	10,152,983	-	9,122,567	-
Hyundai Commercial Inc. (*)	9,310,547	-	7,991,178	-
Eukor Car Carriers Inc.	332,783	3,202,962	620,426	1,489,115
Hyundai Autoever Corp.	780,704	269,069	417,250	104,232
Haevichi Hotels & Resorts Co., Ltd.	33,582	420,029	214,204	66,792

Name of the company	Sales	Profit (loss) for the period from continuing operations	Other comprehensive income (loss)	Total comprehensive income (loss)
	(In millions of Korean Won)			
BHMC	₩ 2,729,227	₩ (539,977)	₩ -	₩ (539,977)
BHAF (*)	114,693	55,793	-	55,793
WAE	429,933	(35,261)	17,399	(17,862)
Hyundai-Aptiv AD LLC	527	(61,569)	7	(61,562)
HCBE (*)	49,353	660	16,656	17,316
Kia Motors Corporation	25,935,741	392,278	(7,260)	385,018
Hyundai Engineering & Construction Co., Ltd.	8,603,014	265,967	(37,973)	227,994
Hyundai Transys Inc.	3,190,360	(37,828)	12,119	(25,709)
Hyundai WIA Corporation	2,861,420	28,106	13,372	41,478
Hyundai Motor Securities Co., Ltd (*)	439,406	53,171	9,549	62,720
Hyundai Commercial Inc. (*)	216,607	53,852	10,599	64,451
Eukor Car Carriers Inc.	668,806	(62,833)	49,139	(13,694)
Hyundai Autoever Corp.	719,798	28,148	993	29,141
Haevichi Hotels & Resorts Co., Ltd.	42,369	(5,310)	(30)	(5,340)

- (\*) The companies operate financial business and their total assets (liabilities) are included in current assets (liabilities) as the companies do not distinguish current and non-current portion in their separate financial statements.

Summarized financial information of the Group's major joint ventures and associates as of and for the six-month period ended June 30, 2019 is as follows.

Name of the company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
	(In millions of Korean Won)			
BHMC	₩ 4,246,823	₩ 4,312,571	₩ 5,012,738	₩ 546,927
BHAF (*)	5,499,120	-	4,425,695	-
WAE	711,829	685,428	383,419	284,522
HCBE (*)	1,232,158	-	1,013,093	-
Kia Motors Corporation	21,318,773	33,177,196	16,917,698	9,218,791
Hyundai Engineering & Construction Co., Ltd.	13,767,776	4,651,048	6,955,135	2,853,902
Hyundai WIA Corporation	3,719,022	3,233,653	1,861,597	2,021,919
Hyundai Transys Inc.	3,058,188	2,713,570	2,091,842	1,283,336
Hyundai Commercial Inc. (*)	9,499,499	-	8,269,059	-
Hyundai Motor Securities Co., Ltd. (*)	7,866,012	-	6,999,957	-
Eukor Car Carriers Inc.	346,349	3,309,509	525,052	1,725,305
Hyundai Autoever Corp.	746,326	244,795	427,766	81,681
Haevichi Hotels & Resorts Co., Ltd.	31,943	424,629	216,038	65,445

Name of the company	Sales	Profit (loss) for the period from continuing operations	Other comprehensive income (loss)	Total comprehensive income (loss)
	(In millions of Korean Won)			
BHMC	₩ 4,196,555	₩ (370,362)	₩ -	₩ (370,362)
BHAF (*)	105,428	45,817	-	45,817
WAE	641,549	19,420	68,167	87,587
HCBE (*)	32,947	(1,903)	7,300	5,398
Kia Motors Corporation	26,951,004	1,154,498	322,356	1,476,854
Hyundai Engineering & Construction Co., Ltd.	8,559,547	348,182	83,241	431,423
Hyundai WIA Corporation	3,741,415	20,272	27,894	48,166
Hyundai Transys Inc.	3,707,425	78,718	2,426	81,144
Hyundai Commercial Inc. (*)	246,729	38,374	27,023	65,397
Hyundai Motor Securities Co., Ltd. (*)	393,013	50,742	(58,412)	(7,670)
Eukor Car Carriers Inc.	872,475	30,795	45,877	76,672
Hyundai Autoever Corp.	715,175	26,573	2,120	28,693
Haevichi Hotels & Resorts Co., Ltd.	57,350	(1,012)	(14)	(1,026)

(\*) The companies operate financial business and their total assets (liabilities) are included in current assets (liabilities) as the companies do not distinguish current and non-current portion in their separate financial statements.

- (4) Summarized additional financial information of the Group's major joint ventures as of and for the six-month period ended June 30, 2020 is as follows.

Name of the company	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciation and amortization	Interest income	Interest expenses	Income tax expense
(In millions of Korean Won)							
BHMC	₩ 474,074	₩ 1,128,239	₩ 253,854	₩ 233,851	₩ 6,495	₩ 48,777	₩ 28
BHAF(*)	1,463,939	4,774,679	-	3,604	212,970	93,080	18,733
Hyundai-Aptiv AD LLC	1,878,709	29,861	46,340	20,071	965	27	(16,949)

- (\*) Operating finance business of which total assets (liabilities) are included in current financial liabilities as BHAF does not distinguish current and non-current portion in its separate financial statements.

Summarized additional financial information of the Group's major joint ventures as of and for the six-month period ended June 30, 2019 is as follows.

Name of the company	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciation and amortization	Interest income	Interest expenses	Income tax expense
(In millions of Korean Won)							
BHMC	₩ 896,775	₩ 1,214,116	₩ 109,620	₩ 214,115	₩ 22,785	₩ 73,789	₩ (25)
BHAF(*)	928,248	4,042,721	-	2,632	200,751	93,992	15,372

- (\*) Operating finance business of which total assets (liabilities) are included in current financial liabilities as BHAF does not distinguish current and non-current portion in its separate financial statements.

- (5) Reconciliation of the Group's share of net assets of the Group's major joint ventures and associates to their carrying amounts as of June 30, 2020 is as follows.

Name of the company	Group's share of net assets	Goodwill	Unrealised profit (loss) and others	Carrying amounts
(In millions of Korean Won)				
BHMC	₩ 1,128,477	₩ -	₩ (37,945)	₩ 1,090,532
BHAF	620,744	-	-	620,744
WAE	150,104	-	-	150,104
Hyundai-Aptiv AD LLC	1,236,169	-	(19,117)	1,217,052
HCBE	248,778	22,341	1,334	272,453
Kia Motors Corporation	9,527,085	197,089	(65,420)	9,658,754
Hyundai Engineering & Construction Co., Ltd. (*)	2,135,397	731,362	14	2,866,773
Hyundai Transys Inc.	1,002,836	-	13,809	1,016,645
Hyundai WIA Corporation	789,628	-	(96,418)	693,210
Hyundai Motor Securities Co., Ltd.	254,870	40,052	1,082	296,004
Hyundai Commercial Inc.	272,875	-	-	272,875
Eukor Car Carriers Inc.	171,144	-	262	171,406
Hyundai Autoever Corp.	148,968	-	-	148,968
Haevichi Hotels & Resorts Co., Ltd. (*)	94,327	3,576	-	97,903

- (\*) The difference between the carrying amount and the fair value of the investee's identifiable assets and liabilities as of the acquisition date is included in the amount of net assets.

Reconciliation of the Group's share of net assets of the Group's major joint ventures and associates to their carrying amounts as of December 31, 2019 is as follows.

Name of the company	Group's share of net assets	Goodwill	Unrealised profit (loss) and others	Carrying amounts
(In millions of Korean Won)				
BHMC	₩ 1,302,827	₩ -	₩ (45,902)	₩ 1,256,925
BHAF	577,810	-	-	577,810
WAE	154,136	-	-	154,136
HCBE	137,205	22,341	402	159,948
Kia Motors Corporation	9,544,369	197,089	(86,441)	9,655,017
Hyundai Engineering & Construction Co., Ltd. (*)	2,127,795	731,362	12	2,859,169
Hyundai Transys Inc.	1,011,928	-	14,635	1,026,563
Hyundai WIA Corporation	776,412	-	(93,886)	682,526
Hyundai Motor Securities Co., Ltd.	243,394	40,052	-	283,446
Hyundai Commercial Inc.	255,800	-	-	255,800
Eukor Car Carriers Inc.	172,950	-	262	173,212
Hyundai Autoever Corp.	145,076	-	-	145,076
Haevichi Hotels & Resorts Co., Ltd. (*)	98,002	3,576	-	101,578

(\*) The difference between the carrying amount and the fair value of the investee's identifiable assets and liabilities as of the acquisition date is included in the amount of net assets.

(6) The market price of listed equity securities as of June 30, 2020 is as follows.

Name of the company	Price per share	Total number of shares	Market value
(In millions of Korean Won, except price per share)			
Kia Motors Corporation	₩ 32,050	137,318,251	₩ 4,401,050
Hyundai Engineering & Construction Co., Ltd.	33,050	23,327,400	770,971
Hyundai WIA Corporation	34,550	6,893,596	238,174
Hyundai Motor Securities Co., Ltd.	8,280	8,065,595	66,783
Hyundai Autoever Corp.	37,550	5,980,000	224,549

#### 14. FINANCIAL SERVICES RECEIVABLES:

(1) Financial services receivables as of June 30, 2020 and December 31, 2019 are as follows.

Description	June 30, 2020	December 31, 2019
(In millions of Korean Won)		
Loans	₩ 49,695,623	₩ 46,523,263
Card receivables	14,919,823	15,266,417
Financial lease receivables	2,476,927	2,706,819
Others	36,255	36,217
	67,128,628	64,532,716
Loss allowance	(1,580,086)	(1,480,555)
Loan origination fee	(859,983)	(771,405)
Present value discount accounts	(24,347)	(22,130)
	₩ 64,664,212	₩ 62,258,626

- (2) The changes in loss allowance of financial services receivables for the six-month periods ended June 30, 2020 and 2019 are as follows.

Description	Six-month period ended June 30,	
	2020	2019
	(In millions of Korean Won)	
Beginning of the period	₩ 1,480,555	₩ 1,368,759
Impairment loss	467,778	369,749
Write-off	(205,379)	(142,124)
Disposals and others	(173,490)	(229,198)
Effect of foreign exchange differences	10,622	9,247
End of the period	₩ 1,580,086	₩ 1,376,433

- (3) Gross investments in financial leases and their present value of minimum lease receipts as of June 30, 2020 and December 31, 2019 are as follows.

Description	June 30, 2020		December 31, 2019	
	Gross investments in financial leases	Present value of minimum lease payment receivable	Gross investments in financial leases	Present value of minimum lease payment receivable
	(In millions of Korean Won)			
Not later than one year	₩ 1,017,621	₩ 902,936	₩ 1,145,339	₩ 1,014,549
Later than one year and not later than five years	1,672,022	1,565,756	1,808,521	1,682,796
Later than five years	4,208	4,053	5,225	5,030
	₩ 2,693,851	₩ 2,472,745	₩ 2,959,085	₩ 2,702,375

- (4) Unearned interest income of financial leases as of June 30, 2020 and December 31, 2019 are as follows.

Description	June 30, 2020		December 31, 2019	
	(In millions of Korean Won)			
Gross investments in financial lease	₩	2,693,851	₩	2,959,085
Net lease investments:				
Present value of minimum lease payment receivable		2,472,745		2,702,375
Present value of unguaranteed residual value		4,182		4,444
		<u>2,476,927</u>		<u>2,706,819</u>
Unearned interest income	₩	216,924	₩	252,266

# 15. INVESTMENTS IN OPERATING LEASES (AS A LESSOR):

- (1) Investments in operating leases as of June 30, 2020 and December 31, 2019 are as follows.

Description	June 30, 2020		December 31, 2019	
	(In millions of Korean Won)			
Acquisition cost	₩	25,059,278	₩	25,143,563
Accumulated depreciation		(3,635,445)		(3,945,005)
Accumulated impairment loss		(156,571)		(130,218)
	₩	21,267,262	₩	21,068,340



- (2) Future minimum lease payment receivable related to investments in operating leases as of June 30, 2020 and December 31, 2019 is as follows.

Description	June 30, 2020	December 31, 2019
	(In millions of Korean Won)	
Not later than one year	₩ 3,937,945	₩ 3,856,057
Later than one year and not later than five years	3,638,120	4,027,982
Later than five years	13	3
	₩ 7,576,078	₩ 7,884,042

## 16. BORROWINGS AND DEBENTURES:

- (1) Short-term borrowings as of June 30, 2020 and December 31, 2019 are as follows.

Description	Lender	Annual interest rate (%)	June 30, 2020	December 31, 2019
			(In millions of Korean Won)	
Overdrafts	Citi Bank and others	0.10~1.23	₩ 965,385	₩ 256,616
General borrowings	Korea Development Bank and others	0.18~5.60	3,252,131	3,736,689
Borrowings collateralized by trade receivables	KEB Hana Bank and others	0.09~2.17	1,937,286	2,898,539
Banker's Usance	KEB Hana Bank and others	0.09~2.96	420,185	504,769
Commercial paper	Shinhan Bank and others	0.45~4.20	4,598,082	4,429,668
Asset-backed securities	RBC and others	0.60~0.91	956,603	744,412
			₩ 12,129,672	₩ 12,570,693

- (2) Long-term debt as of June 30, 2020 and December 31, 2019 are as follows.

Description	Lender	Annual interest rate (%)	June 30, 2020	December 31, 2019
			(In millions of Korean Won)	
General borrowings	Mizuho Bank and others	0.10~14.20	₩ 8,003,963	₩ 7,088,777
Credit facilities	NH Bank and others	1.78~2.09	348,754	160,463
Commercial paper	KTb Investment & Securities and others	1.65~2.55	1,670,000	2,380,000
Asset-backed securities	HSBC and others	0.61~2.79	7,278,498	5,885,638
Others(*)	NH Investment & Securities and others		435,607	435,607
			17,736,822	15,950,485
Less: present value discounts			(98,767)	(106,883)
Less: current maturities			(5,118,722)	(4,626,514)
			₩ 12,519,333	₩ 11,217,088

- (\*) The Group transferred a portion of its voting shares to a third party with the total revenue swap agreement. However, the Group still recognizes it as the financial asset because the Group still owns the majority of the risks and rewards of ownership of the transferred shares. Also, the Group recognized the amount received from disposal as borrowings.

(3) Debentures as of June 30, 2020 and December 31, 2019 are as follows.

Description	Latest maturity date	Annual interest rate	June 30, 2020	December 31, 2019
		(%)	(In millions of Korean Won)	
Convertible bonds (*)	June 17, 2023	3.70	₩ 229,928	₩ -
Non-guaranteed public debentures	June 28, 2030	1.17~4.04	29,969,297	23,691,000
Non-guaranteed private debentures	April 8, 2030	1.11~6.38	16,518,816	17,872,007
Asset-backed securities	June 15, 2026	1.20~3.31	13,173,911	11,486,855
			59,891,952	53,049,862
Less: discount on debentures			(118,176)	(92,004)
Less: current maturities			(12,585,317)	(11,152,044)
			₩ 47,188,459	₩ 41,805,814

(\*) The terms and conditions of the convertible bonds as of June 30, 2020 are as follows and the consideration for conversion option at the time of issuance was classified as equity.

	Description
Name	Hyundai Rotem Company the 30th non-guaranteed convertible bonds in bearer form
Face value	₩ 240,000 million
Issue price	₩ 240,000 million
Issue date	June 17, 2020
Maturity date	June 17, 2023
Coupon rate	1.00%
Interest payment	Coupon rate 1.00% per annum, paid every three months
Yield to maturity	3.70%
Redemption at maturity	Bonds that are not converted until maturity will be redeemed on the maturity date at 108.5250% of the principal amount, corresponding to 3.70% yield-to-maturity (YTM) per annum (compounding quarterly)
Conversion period	July 17, 2020 ~ May 17, 2023
Conversion price	₩9,750 per share (the conversion price shall be adjusted in accordance with the criteria set out in the agreement, such as a paid-in capital increase with the issue price lower than the market price and others)
Call option	Call option on outstanding balance of convertible bonds can be exercised from one month after the issue date of convertible bonds (July 17, 2020) to one month before the maturity date (May 17, 2023)

## 17. PROVISIONS:

The changes in provisions for the six-month period ended June 30, 2020 are as follows.

Description	Warranty	Other long-term employee benefits	Others
	(In millions of Korean Won)		
Beginning of the period	₩ 5,447,307	₩ 726,356	₩ 971,266
Charged	1,239,895	34,820	374,199
Utilized	(1,022,924)	(34,277)	(490,267)
Effect of foreign exchange differences and others	28,098	115	2,253
End of the period	₩ 5,692,376	₩ 727,014	₩ 857,451

The changes in provisions for the six-month period ended June 30, 2019 are as follows.

Description	Warranty	Other long-term employee benefits	Others
	(In millions of Korean Won)		
Beginning of the period	₩ 5,177,128	₩ 703,526	₩ 919,250
Charged	1,084,145	33,807	428,708
Utilized	(1,036,695)	(39,793)	(421,993)
Effect of foreign exchange differences and others	66,439	19	28,049
End of the period	₩ 5,291,017	₩ 697,559	₩ 954,014

#### 18. OTHER FINANCIAL LIABILITIES:

(1) Other financial liabilities as of June 30, 2020 are as follows.

Description	June 30, 2020	
	Current	Non-current
	(In millions of Korean Won)	
Financial liabilities measured at FVPL	₩ 447	₩ 57,671
Derivative liabilities that are effective hedging instruments	31,030	206,515
	₩ 31,477	₩ 264,186

(2) Other financial liabilities as of December 31, 2019 are as follows.

Description	December 31, 2019	
	Current	Non-current
	(In millions of Korean Won)	
Financial liabilities measured at FVPL	₩ 4,532	₩ 31,625
Derivative liabilities that are effective hedging instruments	5,438	143,571
	₩ 9,970	₩ 175,196

#### 19. OTHER LIABILITIES:

Other liabilities as of June 30, 2020 and December 31, 2019 are as follows.

Description	June 30, 2020		December 31, 2019	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Advances received	₩ 1,307,984	₩ 24,161	₩ 1,482,982	₩ 22,559
Withholdings	999,771	191,157	1,020,551	197,722
Accrued expenses	3,344,524	-	2,850,091	-
Unearned income	660,380	1,607,274	608,090	1,455,882
Due to customers for contract work	979,311	-	775,972	-
Others	669,193	799,134	523,143	876,656
	₩ 7,961,163	₩ 2,621,726	₩ 7,260,829	₩ 2,552,819

## 20. FINANCIAL INSTRUMENTS:

(1) Financial assets by categories as of June 30, 2020 are as follows.

Description	Financial assets measured at FVPL	Financial assets measured at amortized cost	Financial assets measured at FVOCI	Derivative assets that are effective hedging instruments	Book value	Fair value
(In millions of Korean Won)						
Cash and cash equivalents	₩ -	₩ 10,883,777	₩ -	₩ -	₩ 10,883,777	₩ 10,883,777
Short-term and long-term financial instruments	-	5,586,557	-	-	5,586,557	5,586,557
Trade notes and accounts receivable	-	2,815,355	-	-	2,815,355	2,815,355
Other receivables	-	3,068,315	-	-	3,068,315	3,068,315
Other financial assets	12,215,129	38,747	1,947,589	411,586	14,613,051	14,613,051
Other assets	17,081	307,904	-	-	324,985	324,985
Financial services receivables	-	64,664,212	-	-	64,664,212	63,675,500
	<u>₩ 12,232,210</u>	<u>₩ 87,364,867</u>	<u>₩ 1,947,589</u>	<u>₩ 411,586</u>	<u>₩ 101,956,252</u>	<u>₩ 100,967,540</u>

Financial assets by categories as of December 31, 2019 are as follows.

Description	Financial assets measured at FVPL	Financial assets measured at amortized cost	Financial assets measured at FVOCI	Derivative assets that are effective hedging instruments	Book value	Fair value
(In millions of Korean Won)						
Cash and cash equivalents	₩ -	₩ 8,681,971	₩ -	₩ -	₩ 8,681,971	₩ 8,681,971
Short-term and long-term financial instruments	-	8,095,888	-	-	8,095,888	8,095,888
Trade notes and accounts receivable	-	3,640,520	-	-	3,640,520	3,640,520
Other receivables	-	2,567,688	-	-	2,567,688	2,567,688
Other financial assets	9,937,423	109,546	2,278,634	183,836	12,509,439	12,509,439
Other assets	18,406	312,760	-	-	331,166	331,166
Financial services receivables	-	62,258,626	-	-	62,258,626	62,014,023
	<u>₩ 9,955,829</u>	<u>₩ 85,666,999</u>	<u>₩ 2,278,634</u>	<u>₩ 183,836</u>	<u>₩ 98,085,298</u>	<u>₩ 97,840,695</u>

(2) Financial liabilities by categories as of June 30, 2020 are as follows.

Description	Financial liabilities measured at FVPL	Financial liabilities measured at amortized cost	Derivative liabilities that are effective hedging instruments	Book value	Fair value
(In millions of Korean Won)					
Trade notes and accounts payable	₩ -	₩ 7,346,250	₩ -	₩ 7,346,250	₩ 7,346,250
Other payables	-	4,300,745	-	4,300,745	4,300,745
Borrowings and debentures	-	89,541,503	-	89,541,503	90,634,029
Other financial liabilities	58,118	-	237,545	295,663	295,663
Lease liabilities	-	760,805	-	760,805	760,805
Other liabilities	-	2,362,721	-	2,362,721	2,362,721
	₩ 58,118	₩ 104,312,024	₩ 237,545	₩ 104,607,687	₩ 105,700,213

Financial liabilities by categories as of December 31, 2019 are as follows.

Description	Financial liabilities measured at FVPL	Financial liabilities measured at amortized cost	Derivative liabilities that are effective hedging instruments	Book value	Fair value
(In millions of Korean Won)					
Trade notes and accounts payable	₩ -	₩ 7,669,424	₩ -	₩ 7,669,424	₩ 7,669,424
Other payables	-	5,300,043	-	5,300,043	5,300,043
Borrowings and debentures	-	81,372,153	-	81,372,153	81,912,936
Other financial liabilities	36,157	-	149,009	185,166	185,166
Lease liabilities	-	767,984	-	767,984	767,984
Other liabilities	-	2,432,607	-	2,432,607	2,432,607
	₩ 36,157	₩ 97,542,211	₩ 149,009	₩ 97,727,377	₩ 98,268,160

### (3) Fair value estimation

The Group categorizes the assets and liabilities measured at fair value into the following three-level fair value hierarchy in accordance with the inputs used for fair value measurement.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurements of financial instruments by fair value hierarchy levels as of June 30, 2020 are as follows.

Description	June 30, 2020			
	Level 1	Level 2	Level 3	Total
	(In millions of Korean Won)			
Financial assets:				
Financial assets measured at FVPL	₩ 93,666	₩ 11,575,443	₩ 563,101	₩ 12,232,210
Derivative assets that are effective hedging instruments	-	411,586	-	411,586
Financial assets measured at FVOCI	831,176	350,869	765,544	1,947,589
	<u>₩ 924,842</u>	<u>₩ 12,337,898</u>	<u>₩ 1,328,645</u>	<u>₩ 14,591,385</u>
Financial liabilities:				
Financial liabilities measured at FVPL	₩ -	₩ 58,118	₩ -	₩ 58,118
Derivative liabilities that are effective hedging instruments	-	237,545	-	237,545
	<u>₩ -</u>	<u>₩ 295,663</u>	<u>₩ -</u>	<u>₩ 295,663</u>

Fair value measurements of financial instruments by fair value hierarchy levels as of December 31, 2019 are as follows.

Description	December 31, 2019			
	Level 1	Level 2	Level 3	Total
	(In millions of Korean Won)			
Financial assets:				
Financial assets measured at FVPL	₩ 94,656	₩ 9,288,555	₩ 572,618	₩ 9,955,829
Derivative assets that are effective hedging instruments	-	183,836	-	183,836
Financial assets measured at FVOCI	1,180,739	349,804	748,091	2,278,634
	<u>₩ 1,275,395</u>	<u>₩ 9,822,195</u>	<u>₩ 1,320,709</u>	<u>₩ 12,418,299</u>
Financial liabilities:				
Financial liabilities measured at FVPL	₩ -	₩ 36,157	₩ -	₩ 36,157
Derivative liabilities that are effective hedging instruments	-	149,009	-	149,009
	<u>₩ -</u>	<u>₩ 185,166</u>	<u>₩ -</u>	<u>₩ 185,166</u>

The changes in financial instruments classified as Level 3 for the six-month period ended June 30, 2020 are as follows.

Description	Beginning of the period	Purchases	Disposals	Valuation	Others	End of the period
(In millions of Korean Won)						
Financial assets measured at FVPL	₩ 572,618	₩ 17,802	₩ (24,113)	₩ (9,513)	₩ 6,307	₩ 563,101
Financial assets measured at FVOCI	748,091	15,522	-	3,409	(1,478)	765,544

The changes in financial instruments classified as Level 3 for the six-month period ended June 30, 2019 are as follows.

Description	Beginning of the period	Purchases	Disposals	Valuation	Others	End of the period
(In millions of Korean Won)						
Financial assets measured at FVPL	₩ 228,572	₩ 201,302	₩ (9,102)	₩ (12,233)	₩ 26,880	₩ 435,419
Financial assets measured at FVOCI	376,986	57,777	(506)	976	(26,880)	408,353

(4) Interest income, dividend income and interest expenses by categories of financial instruments for the six-month period ended June 30, 2020 are as follows.

Description	Six-month period ended June 30, 2020		
	Interest income	Dividend income	Interest expenses
(In millions of Korean Won)			
Non-financial services:			
Financial assets measured at amortized cost	₩ 144,236	₩ -	₩ -
Financial assets measured at FVPL	53,813	-	-
Financial assets measured at FVOCI	-	31,486	-
Financial liabilities measured at amortized cost	-	-	145,837
	<u>₩ 198,049</u>	<u>₩ 31,486</u>	<u>₩ 145,837</u>
Financial services:			
Financial assets measured at amortized cost	₩ 1,954,274	₩ -	₩ -
Financial assets measured at FVPL	3,319	1,950	-
Financial assets measured at FVOCI	556	-	-
Financial liabilities measured at amortized cost	-	-	946,915
	<u>₩ 1,958,149</u>	<u>₩ 1,950</u>	<u>₩ 946,915</u>

Interest income, dividend income and interest expenses by categories of financial instruments for the six-month period ended June 30, 2019 are as follows.

Description	Six-month period ended June 30, 2019		
	Interest income	Dividend income	Interest expenses
	(In millions of Korean Won)		
Non-financial services:			
Financial assets measured at amortized cost	₩ 207,136	₩ -	₩ -
Financial assets(liabilities) measured at FVPL	60,850	-	9,301
Financial assets measured at FVOCI	-	33,231	-
Financial liabilities measured at amortized cost	-	-	143,100
	<u>₩ 267,986</u>	<u>₩ 33,231</u>	<u>₩ 152,401</u>
Financial services:			
Financial assets measured at amortized cost	₩ 1,829,982	₩ -	₩ -
Financial assets measured at FVPL	4,055	2,244	-
Financial assets measured at FVOCI	205	-	-
Financial liabilities measured at amortized cost	-	-	874,166
	<u>₩ 1,834,242</u>	<u>₩ 2,244</u>	<u>₩ 874,166</u>

- (5) The commission income (financial services revenue) arising from financial assets or liabilities other than financial assets or liabilities measured at FVPL for the six-month periods ended June 30, 2020 and 2019 are ₩399,254 million and ₩439,880 million, respectively. In addition, the fee expenses (cost of sales from financial services) related to financial assets or liabilities other than financial assets or liabilities measured at FVPL for the six-month periods ended June 30, 2020 and 2019 are ₩155,999 million and ₩119,344 million, respectively.
- (6) The Group recognizes transfers between levels of the fair value hierarchy at the date of the event or change in circumstances that caused the transfer. There are no significant transfers between Level 1 and Level 2 for the six-month period ended June 30, 2020.
- (7) Descriptions of the valuation techniques and the inputs used in the fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy are as follows.

- Currency forwards, options and swap

Fair value of currency forwards, options and swap is measured based on forward exchange rate quoted in the current market at the end of the reporting period, which has the same remaining period of derivatives to be measured. If the forward exchange rate, which has the same remaining period of currency forwards, options and swap, is not quoted in the current market, fair value is measured using estimates of similar period of forward exchange rate by applying interpolation method with quoted forward exchange rates.

As the inputs used to measure fair value of currency forwards, options and swap are supported by observable market data, such as forward exchange rates, the Group classifies the estimates of fair value measurements of the currency forwards, options and swap as Level 2 of the fair value hierarchy.



- Interest rate swap

The discount rate and forward interest rate used to measure the fair value of interest rate swap are determined based on an applicable yield curve derived from interest quoted in the current market at the end of the reporting period. The fair value of interest rate swap was measured as a discount on the estimated future cash flows of interest rate swap based on forward interest rates derived from the above method at an appropriate discount rate.

As the inputs used to measure fair value of interest rate swap are supported by observable market data, such as yield curves, the Group classifies the estimates of fair value measurements of the interest rate swap as Level 2 of the fair value hierarchy.

- Debt instruments including corporate bonds

Fair value of debt instruments including corporate bonds is measured applying discounted cash flow method. The rate used to discount cash flows is determined based on swap rate and credit spreads of debt instruments, which have the similar credit rating and period quoted in the current market with those of debt instruments including corporate bonds that should be measured. The Group classifies fair value measurements of debt instruments including corporate bonds as Level 2 of the fair-value hierarchy since the rate, which has significant effects on fair value of debt instruments including corporate bonds, is based on observable market data.

- Unlisted equity securities

Fair value of unlisted equity securities is measured using discounted cash flow projection and others, and certain assumptions not based on observable market prices or rate, such as sales growth rate, pre-tax operating income ratio and discount rate based on business plan and circumstance of industry are used to estimate the future cash flow. The discount rate used to discount the future cash flows, is calculated by applying the Capital Asset Pricing Model (CAPM), using the data of similar listed companies. The Group determines that the effect of estimation and assumptions referred above affecting fair value of unlisted equity securities is significant and classifies fair value measurements of unlisted securities as Level 3 of the fair value hierarchy.

- Total return swap (Derivatives)

The fair value of total revenue swaps (derivatives) is measured based on the stock price volatility up to the fair value, exercise price, maturity and maturity of the underlying asset, using the binomial option pricing model. The discount rate used in the binomial option pricing model is based on the risk-free interest rate, which corresponds to the remaining maturity, and the stock price volatility up to maturity uses the historical volatility of the financial sector over the past one year. The fair value of the underlying assets is measured using the cash flow discount model. In order to estimate the future cash flows, assumptions reflecting the business plan and current industry such as sales growth rate, pre-tax operating profit margin or discount rates etc. and estimates such as observable market price or rates are partially used. The discount rate used to discount future cash flows was calculated by applying the Capital Asset Pricing Model (CAPM), using data from similar listed companies. The Group classifies the fair value measurement of total revenue swap (derivatives) as Level 3 in the fair value hierarchy based on the assumption that the effect of the above assumptions and estimates on the fair value of the total revenue swap classified.

- (8) The quantitative information about significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy and the description of relationships of significant unobservable inputs to the fair value are as follows.

Description	Fair value at June 30, 2020 (In millions of Korean Won)	Valuation techniques	Unobservable inputs	Description of relationship
Unlisted equity securities, total return swap and others	₩ 1,328,645	Discounted cash flow and others	Sales growth rate Pre-tax operating income margin ratio Discount rate	If the sales growth rate and the pre-tax operating income ratio rise or the discount rate declines, the fair value increases.

The Group does not expect that changes in significant unobservable inputs to reflect reasonably possible alternative assumptions would have a significant impact on the fair value

## 21. CAPITAL STOCK:

The Company's number of shares authorized is 600,000,000 shares. Common stock and preferred stock as of June 30, 2020 and December 31, 2019 are as follows.

### (1) Common stock

Description	June 30, 2020 (In millions of Korean Won, except par value)	December 31, 2019 (In millions of Korean Won, except par value)
Issued	213,668,187 shares	213,668,187 shares
Par value	₩ 5,000	₩ 5,000
Capital stock	1,157,982	1,157,982

The Company completed stock retirement of 10,000,000 common shares, 1,320,000 common shares and 6,608,292 common shares as of March 5, 2001, May 4, 2004 and July 27, 2018 respectively. Due to these stock retirements, the total face value of outstanding stock differs from the capital stock amount.

### (2) Preferred stock

Description	Par value	Issued	Korean Won (In millions of Korean Won)	Dividend rate
1 <sup>st</sup> preferred stock	₩ 5,000	24,356,685 shares	₩ 125,550	Dividend rate of common stock + 1%
2 <sup>nd</sup> preferred stock	"	36,485,451 shares	193,069	The lowest stimulated dividend rate : 2%
3 <sup>rd</sup> preferred stock	"	2,428,735 shares	12,392	The lowest stimulated dividend rate : 1%
		63,270,871 shares	₩ 331,011	

As of March 5, 2001, the Company retired 1,000,000 second preferred shares and as of July 27, 2018, the Company retired 753,297 first preferred shares, 1,128,414 second preferred shares and 49,564 third preferred shares. Due to the stock retirement, the total face value of outstanding stock differs from the capital stock amount.

## 22. CAPITAL SURPLUS:

Capital surplus as of June 30, 2020 and December 31, 2019 are as follows.

Description	June 30, 2020	December 31, 2019
	(In millions of Korean Won)	
Paid-in capital in excess of par value	₩ 3,321,334	₩ 3,321,334
Others	875,665	875,681
	₩ 4,196,999	₩ 4,197,015

## 23. OTHER CAPITAL ITEMS:

Other capital items consist of treasury stocks purchased for the stabilization of stock price. Number of treasury stocks as of June 30, 2020 and December 31, 2019 are as follows.

Description	June 30, 2020	December 31, 2019
	(Number of shares)	
Common stock	13,091,308	11,835,151
1 <sup>st</sup> preferred stock	2,186,993	2,046,959
2 <sup>nd</sup> preferred stock	1,353,570	1,142,140
3 <sup>rd</sup> preferred stock	48,574	34,545

## 24. ACCUMULATED OTHER COMPREHENSIVE LOSS:

(1) Accumulated other comprehensive loss as of June 30, 2020 is as follows.

Description	June 30, 2020
	(In millions of Korean Won)
Gain on valuation of financial assets measured at FVOCI	₩ 349,499
Loss on valuation of financial assets measured at FVOCI	(525,337)
Gain on valuation of cash flow hedge derivatives	12,067
Loss on valuation of cash flow hedge derivatives	(102,847)
Gain on share of the other comprehensive income of equity-accounted investees	40,048
Loss on share of the other comprehensive income of equity-accounted investees	(671,041)
Loss on foreign operations translation, net	(1,547,461)
	₩ (2,445,072)

(2) Accumulated other comprehensive loss as of December 31, 2019 is as follows.

Description	December 31, 2019
	(In millions of Korean Won)
Gain on valuation of financial assets measured at FVOCI	₩ 489,235
Loss on valuation of financial assets measured at FVOCI	(419,160)
Gain on valuation of cash flow hedge derivatives	17,117
Loss on valuation of cash flow hedge derivatives	(45,500)
Gain on share of the other comprehensive income of equity-accounted investees	34,967
Loss on share of the other comprehensive income of equity-accounted investees	(714,955)
Loss on foreign operations translation, net	(1,714,726)
	₩ (2,353,022)

## 25. RETAINED EARNINGS:

Retained earnings as of June 30, 2020 and December 31, 2019 are as follows

Description	June 30, 2020	December 31, 2019
	(In millions of Korean Won)	
Legal reserve (*)	₩ 744,836	₩ 744,836
Discretionary reserve	48,333,997	46,591,396
Unappropriated	19,035,233	20,913,401
	₩ 68,114,066	₩ 68,249,633

(\*) The Commercial Code of the Republic of Korea requires the Company to appropriate as a legal reserve, a minimum of 10% of annual cash dividends declared, until such reserve equals 50% of its capital stock issued. The reserve is not available for the payment of cash dividends, but may be transferred to capital stock or used to reduce accumulated deficit, if any.

Appraisal gains, amounting to ₩1,852,871 million, derived from asset revaluation pursuant to the Asset Revaluation Law of Korea are included in retained earnings. It may be only transferred to capital stock or used to reduce accumulated deficit, if any.

## 26. HYBRID BOND:

- (1) Hyundai Card Co., Ltd., a subsidiary of the Company, issued hybrid bond and the Group classified it as equity (non-controlling interests). As of June 30, 2020, hybrid bond is as follows.

Description	Issue date	Maturity date	Annual interest rate	June 30, 2020
			(%)	(In millions of Korean Won)
The 731st Hybrid Tier 1 (Private)	July 5, 2018	July 5, 2048	4.70	₩ 300,000
Issue cost				(760)
				₩ 299,240

Hyundai Rotem Company, a subsidiary of the Company, issued hybrid bond and the Group classified it as equity (non-controlling interests). As of June 30, 2020, hybrid bond is as follows.

Description	Issue date	Maturity date	Annual interest rate	June 30, 2020
			(%)	(In millions of Korean Won)
The 1st Hybrid Tier 1 (Private)	November 8, 2019	November 8, 2049	4.50	₩ 106,000
The 2nd Hybrid Tier 1 (Private)	December 23, 2019	December 23, 2049	4.50	45,000
Issue cost				(677)
				₩ 150,323

- (2) As of June 30, 2020, the conditions of hybrid bond that Hyundai Card Co., Ltd., a subsidiary of the Company issued are as follows.

	Description
Maturity	Thirty years (Maturity extension is possible according to the issuer's decision upon maturity)
Interest rate	Issue date ~ July 5, 2023 : An annual fixed interest rate 4.7%
Interest payment condition	Increase of 2% after five years in accordance with Step-up clause at one time only
Others	Three months, optional postponement of payment
	Repayment before maturity by issuer is available after five years from issue date

As of June 30, 2020, the conditions of hybrid bond that Hyundai Rotem Company, a subsidiary of the Company issued are as follows.

	Description
Maturity	Thirty years (Maturity extension is possible according to the issuer's decision upon maturity)
Interest rate	Issue date to two years : An annual fixed interest rate 4.5% Two to three years : Initial interest rate + 2.5 % + adjusted interest rate(*) After three years: Interest rate at the day before each anniversary + 0.5%
Interest payment condition	Three months, optional postponement of payment
Others	Repayment before maturity by issuer is available after two years from issue date

(\*) The interest rates, which deducts the interest rate of two years maturity treasury bond at 2 working dates before the issue date (zero when it is minus) from the interest rate of two years maturity treasury bond at 2 working days before 2<sup>nd</sup> anniversary of the issue date.

## 27. SALES:

(1) Sales for the three-month and six-month periods ended June 30, 2020 and 2019 are as follows.

Description	2020		2019	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
	(In millions of Korean Won)			
Sales of goods	₩ 18,171,034	₩ 38,929,842	₩ 22,940,414	₩ 43,073,497
Rendering of services	438,049	1,081,911	600,770	1,130,283
Royalties	21,530	78,697	16,718	35,495
Financial services revenue	2,512,239	5,543,497	2,695,730	5,336,217
Revenue related to construction contracts	636,135	1,252,526	622,029	1,199,543
Others	80,004	291,966	90,692	178,397
	₩ 21,858,991	₩ 47,178,439	₩ 26,966,353	₩ 50,953,432

(2) As of June 30, 2020, the aggregate transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligation that is expected to be recognized as revenue in future periods is as follows.

Description	Within a year	After a year
	(In millions of Korean Won)	
Deferred revenue and others	₩ 1,235,909	₩ 1,517,802

**28. SELLING AND ADMINISTRATIVE EXPENSES:**

Selling and administrative expenses for the three-month and six-month periods ended June 30, 2020 and 2019 are as follows.

Description	2020		2019	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
(In millions of Korean Won)				
Selling expenses:				
Export expenses	₩ 9,600	₩ 24,056	₩ 19,708	₩ 41,587
Overseas market expenses	61,478	154,221	86,861	181,830
Advertisements and sales promotion	407,296	1,024,589	596,054	1,151,124
Sales commissions	274,949	455,867	216,574	413,611
Expenses for warranties	518,425	1,199,703	602,087	1,112,910
Transportation expenses	21,848	51,125	31,456	59,838
	<u>1,293,596</u>	<u>2,909,561</u>	<u>1,552,740</u>	<u>2,960,900</u>
Administrative expenses:				
Payroll	664,964	1,313,683	647,237	1,284,539
Post-employment benefits	46,018	92,370	45,757	91,204
Welfare expenses	108,131	226,571	103,444	211,088
Service charges	331,346	673,287	339,552	636,306
Research	312,265	601,386	301,949	547,705
Others	365,186	706,182	394,636	741,364
	<u>1,827,910</u>	<u>3,613,479</u>	<u>1,832,575</u>	<u>3,512,206</u>
	<u>₩ 3,121,506</u>	<u>₩ 6,523,040</u>	<u>₩ 3,385,315</u>	<u>₩ 6,473,106</u>

**29. GAIN (LOSS) ON INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:**

Gain (loss) on investments in joint ventures and associates for the three-month and six-month periods ended June 30, 2020 and 2019 is as follows.

Description	2020		2019	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
(In millions of Korean Won)				
Gain (loss) on share of earnings of equity-accounted investees, net	₩ (51,122)	₩ (7,727)	₩ 80,174	₩ 353,655
Gain on disposals of investments in associates (*)	12	42,436	1,023	14,245
	<u>₩ (51,110)</u>	<u>₩ 34,709</u>	<u>₩ 81,197</u>	<u>₩ 367,900</u>

(\*) The amount includes remeasurement to fair value of existing shares as a result of business combination.

**30. FINANCE INCOME AND EXPENSES:**

(1) Finance income for the three-month and six-month periods ended June 30, 2020 and 2019 are as follows.

Description	2020		2019	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
(In millions of Korean Won)				
Interest income	₩ 88,586	₩ 198,049	₩ 134,733	₩ 267,986
Gain on foreign exchange transactions	8,117	24,234	39,468	55,099
Gain on foreign currency translation	140,165	117,746	17,792	63,634
Dividend income	86	31,486	-	33,231
Gain on derivatives	63,840	81,293	7,534	8,612
Others	1,141	2,083	1,459	5,049
	<u>₩ 301,935</u>	<u>₩ 454,891</u>	<u>₩ 200,986</u>	<u>₩ 433,611</u>

(2) Finance expenses for the three-month and six-month periods ended June 30, 2020 and 2019 are as follows.

Description	2020		2019	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
(In millions of Korean Won)				
Interest expenses	₩ 78,286	₩ 160,650	₩ 85,073	₩ 168,230
Loss on foreign exchange transactions	100,935	106,315	7,540	18,355
Loss on foreign currency translation	98,059	274,814	31,524	53,657
Loss on derivatives and others	59,864	24,735	22,320	25,637
	<u>₩ 337,144</u>	<u>₩ 566,514</u>	<u>₩ 146,457</u>	<u>₩ 265,879</u>

**31. OTHER INCOME AND EXPENSES:**

(1) Other income for the three-month and six-month periods ended June 30, 2020 and 2019 are as follows.

Description	2020		2019	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
(In millions of Korean Won)				
Gain on foreign exchange transactions	₩ 145,005	₩ 301,013	₩ 168,922	₩ 262,408
Gain on foreign currency translation	162,728	130,085	101,994	159,299
Gain on disposals of PP&E	10,428	15,994	4,028	6,981
Commission income	16,476	21,745	42,638	63,608
Rental income	23,851	48,609	21,287	42,995
Others	118,617	189,917	69,226	151,974
	<u>₩ 477,105</u>	<u>₩ 707,363</u>	<u>₩ 408,095</u>	<u>₩ 687,265</u>

(2) Other expenses for the three-month and six-month periods ended June 30, 2020 and 2019 are as follows.

Description	2020		2019	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
(In millions of Korean Won)				
Loss on foreign exchange transactions	₩ 166,737	₩ 360,388	₩ 166,644	₩ 231,766
Loss on foreign currency translation	78,146	157,074	86,281	129,146
Loss on disposals of PP&E	18,242	32,107	9,441	36,452
Donations	17,158	28,718	22,913	30,993
Others	104,558	185,725	110,281	254,349
	<u>₩ 384,841</u>	<u>₩ 764,012</u>	<u>₩ 395,560</u>	<u>₩ 682,706</u>

### 32. EXPENSES BY NATURE:

Expenses by nature for the three-month and six-month periods ended June 30, 2020 and 2019 are as follows.

Description	2020		2019	
	Three-month period ended June 30	Six-month period ended June 30	Three-month period ended June 30	Six-month period ended June 30
	(In millions of Korean Won)			
Changes in inventories	₩ 3,547	₩ 27,733	₩ (462,655)	₩ (628,842)
Raw materials and merchandise used	11,586,561	25,483,112	16,290,559	30,362,485
Employee benefits	2,197,736	4,481,022	2,268,712	4,514,520
Depreciation	675,817	1,338,802	628,890	1,234,312
Amortization	363,159	709,279	321,945	636,312
Others	6,826,691	14,448,406	7,076,737	13,454,755
Total (*)	₩ 21,653,511	₩ 46,488,354	₩ 26,124,188	₩ 49,573,542

(\*) Sum of cost of sales, selling and administrative expenses and other expenses in the consolidated statements of income.

### 33. EARNINGS PER COMMON STOCK AND PREFERRED STOCK:

#### (1) Basic earnings per common stock and preferred stock

Basic earnings per common stock and preferred stock are computed by dividing profit available to common stock and preferred stock by the weighted-average number of common stock and preferred stock outstanding during the period.

Basic earnings per common stock and preferred stock for the three-month and six-month periods ended June 30, 2020 are computed as follows.

Description	Three-month period ended June 30, 2020			Six-month period ended June 30, 2020		
	Profit attributable to shares	Weighted-average number of shares outstanding (*1)	Basic earnings per share	Profit attributable to shares	Weighted-average number of shares outstanding (*1)	Basic earnings per share
	(In millions of Korean Won, except per share amounts)					
Common stock	₩ 174,329	200,576,879	₩ 869	₩ 530,484	200,787,326	₩ 2,642
1 <sup>st</sup> Preferred stock (*2)	19,546	22,169,692	882	59,188	22,193,837	2,667
2 <sup>nd</sup> Preferred stock	31,413	35,131,881	894	94,673	35,167,974	2,692
3 <sup>rd</sup> Preferred stock	2,098	2,380,161	882	6,355	2,382,550	2,667

(\*1) Weighted-average number of shares outstanding includes the effects of treasury stock transactions.

(\*2) 1<sup>st</sup> preferred stock meets the definition of 'ordinary shares' as defined in K-IFRS 1033 'Earnings per Share'.

Basic earnings per common stock and preferred stock for the three-month and six-month periods ended June 30, 2019 are computed as follows.

Description	Three-month period ended June 30, 2019			Six-month period ended June 30, 2019		
	Profit attributable to shares	Weighted-average number of shares outstanding (*1)	Basic earnings per share	Profit attributable to shares	Weighted-average number of shares outstanding (*1)	Basic earnings per share
	(In millions of Korean Won, except per share amounts)					
Common stock	₩ 707,545	202,714,520	₩ 3,490	₩ 1,345,893	202,932,871	₩ 6,632
1 <sup>st</sup> Preferred stock (*2)	78,510	22,413,258	3,503	149,370	22,438,196	6,657
2 <sup>nd</sup> Preferred stock	124,783	35,496,735	3,515	237,450	35,540,674	6,681
3 <sup>rd</sup> Preferred stock	8,422	2,404,448	3,503	16,024	2,406,262	6,659

(\*1) Weighted-average number of shares outstanding includes the effects of treasury stock transactions.

(\*2) 1<sup>st</sup> preferred stock meets the definition of 'ordinary shares' as defined in K-IFRS 1033 'Earnings per Share'.



(2) Diluted earnings per common stock and preferred stock

Diluted earnings per common stock and preferred stock are computed by considering all dilutive potential ordinary shares. The Group adjusts profit attributable to common stock and preferred stock by assuming conversion of all convertible bonds of Hyundai Rotem Company, a subsidiary of the Company, at the issue date.

Diluted earnings per common stock and preferred stock for the three-month and six-month periods ended June 30, 2020 are computed as follows. The Group does not compute diluted earnings per common stock for the three-month and six-month periods ended June 30, 2019, since there were no dilutive items during the period.

Description	Three-month period ended June 30, 2020			Six-month period ended June 30, 2020		
	Profit attributable to shares (*3)	Weighted-average number of shares outstanding (*1)	Diluted earnings per share	Profit attributable to shares (*3)	Weighted-average number of shares outstanding (*1)	Diluted earnings per share
(In millions of Korean Won, except per share amounts)						
Common stock	₩ 174,119	200,576,879	₩ 868	₩ 530,274	200,787,326	₩ 2,641
1 <sup>st</sup> Preferred stock (*2)	19,523	22,169,692	881	59,165	22,193,837	2,666
2 <sup>nd</sup> Preferred stock	31,376	35,131,881	893	94,636	35,167,974	2,691
3 <sup>rd</sup> Preferred stock	2,095	2,380,161	881	6,352	2,382,550	2,666

(\*1) Weighted-average number of shares outstanding includes the effects of treasury stock transactions.

(\*2) 1<sup>st</sup> preferred stock meets the definition of 'ordinary shares' as defined in K-IFRS 1033 'Earnings per Share'.

(\*3) Profit attributable to shares is adjusted by considering the interest expense and the changes in ownership percentage resulting from convertible bonds.

#### 34. INCOME TAX EXPENSE:

Income tax expense is computed by adjusting from income tax currently payable to adjustments recognized in the current period in relation to prior periods, changes in deferred taxes due to temporary differences, income tax expense in relation to items not recognized as profit or loss and others. The average effective tax rates (income tax expense divided by income before income tax) for the six-month periods ended June 30, 2020 and 2019 are 29.6% and 25.0%, respectively.

#### 35. RETIREMENT BENEFIT PLAN:

(1) Expenses recognized in relation to defined contribution plans for the six-month periods ended June 30, 2020 and 2019 are as follows.

Description	Six-month period ended June 30,	
	2020	2019
(In millions of Korean Won)		
Paid-in cash	₩ 4,984	₩ 4,989
Recognized liability	1,756	1,543
	₩ 6,740	₩ 6,532

(2) The significant actuarial assumptions used by the Group as of June 30, 2020 and December 31, 2019 are as follows.

Description	June 30, 2020	December 31, 2019
Discount rate (*)	3.01%	2.95%
Rate of expected future salary increase	4.25%	4.15%

(\*) The Group applied the market yields of high-quality corporate bonds (AA+) and others as the discount rate at June 30, 2020, to discount the defined benefit obligation to the present value, and the same discount rate was applied as the expected return rate when calculating interest income on plan assets.

Employee turnover and mortality assumptions used for actuarial valuation are based on the economic conditions and statistical data of each country where entities within the Group are located.

- (3) The amounts recognized in the consolidated statements of financial position related to defined benefit plans as of June 30, 2020 and December 31, 2019 are as follows.

Description	June 30, 2020	December 31, 2019
	(In millions of Korean Won)	
Present value of defined benefit obligations	₩ 6,387,926	₩ 6,321,408
Fair value of plan assets	(5,968,612)	(5,913,514)
	₩ 419,314	₩ 407,894
Net defined benefit liabilities	419,314	412,598
Net defined benefit assets	-	(4,704)

- (4) Changes in net defined benefit assets and liabilities for the six-month period ended June 30, 2020 are as follows.

Description	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
	(In millions of Korean Won)		
Beginning of the period	₩ 6,321,408	₩ (5,913,514)	₩ 407,894
Current service cost	307,748	-	307,748
Interest expenses (income)	68,040	(65,695)	2,345
	6,697,196	(5,979,209)	717,987
Remeasurements:			
Return on plan assets	-	(4,572)	(4,572)
Actuarial gains and losses arising from changes in demographic assumptions	1,050	-	1,050
Actuarial gains and losses arising from changes in financial assumptions	28,660	-	28,660
Actuarial gains and losses arising from experience adjustments and others	2,305	-	2,305
	32,015	(4,572)	27,443
Contributions	-	(279,841)	(279,841)
Benefits paid	(353,711)	303,958	(49,753)
Transfers in (out)	1,861	(752)	1,109
Effect of foreign exchange differences and others	10,565	(8,196)	2,369
End of the period	₩ 6,387,926	₩ (5,968,612)	₩ 419,314

Changes in net defined benefit assets and liabilities for the six-month period ended June 30, 2019 are as follows.

Description	Present value of defined benefit obligations		Fair value of plan assets		Net defined benefit liabilities	
	(In millions of Korean Won)					
Beginning of the period	₩	5,931,464	₩	(5,508,329)	₩	423,135
Current service cost		302,086		-		302,086
Interest expenses (income)		78,285		(75,136)		3,149
		6,311,835		(5,583,465)		728,370
Remeasurements:						
Return on plan assets		-		(25,473)		(25,473)
Actuarial gains and losses arising from changes in financial assumptions		38,215		-		38,215
Actuarial gains and losses arising from experience adjustments and others		(2,635)		-		(2,635)
		35,580		(25,473)		10,107
Contributions		-		(313,194)		(313,194)
Benefits paid		(324,534)		275,274		(49,260)
Transfers in (out)		155		119		274
Effect of foreign exchange differences and others		17,079		(6,915)		10,164
End of the period	₩	6,040,115	₩	(5,653,654)	₩	386,461

(5) The fair value of the plan assets as of June 30, 2020 and December 31, 2019 is as follows.

Description	June 30, 2020		December 31, 2019	
		(In millions of Korean Won)		
Insurance instruments	₩	5,964,847	₩	5,909,102
Others		3,765		4,412
	₩	5,968,612	₩	5,913,514

### 36. CASH GENERATED FROM OPERATIONS:

Cash generated from operations for the six-month periods ended June 30, 2020 and 2019 are as follows.

Description	Six-month period ended June 30,	
	2020	2019
	(In millions of Korean Won)	
Profit for the period	₩ 929,952	₩ 1,953,081
Adjustments:		
Retirement benefit costs	311,849	306,778
Depreciation	1,338,802	1,234,312
Amortization of intangible assets	709,279	636,312
Provision for warranties	1,112,494	1,023,930
Income tax expense	390,582	649,706
Loss (gain) on foreign currency translation, net	184,057	(40,130)
Loss on disposals of PP&E, net	16,113	29,471
Interest income, net	(37,399)	(99,756)
Loss (gain) on share of earnings of equity-accounted investees, net	7,727	(353,655)
Cost of sales from financial services, net	3,486,423	3,354,281
Others	155,226	509,391
	<u>7,675,153</u>	<u>7,250,640</u>
Changes in operating assets and liabilities:		
Decrease (increase) in trade notes and accounts receivable	898,398	(294,440)
Decrease (increase) in other receivables	(245,678)	234,105
Increase in other financial assets	(106,257)	(840,881)
Increase in inventories	(393,996)	(1,261,349)
Increase in other assets	(72,629)	(86,379)
Increase (decrease) in trade notes and accounts payable	(706,931)	316,962
Decrease in other payables	(1,042,049)	(735,866)
Increase in other liabilities	274,296	2,130,602
Decrease in other financial liabilities	(15,729)	(6,796)
Decrease in net defined benefit liabilities	(273,131)	(306,974)
Payment of severance benefits	(49,753)	(49,260)
Decrease in provisions	(1,547,468)	(1,498,481)
Changes in financial services receivables	(2,180,127)	(2,489,555)
Investment in operating leases	(1,545,478)	(1,644,268)
Others	100,091	33,767
	<u>(6,906,441)</u>	<u>(6,498,813)</u>
Cash generated from operations	<u>₩ 1,698,664</u>	<u>₩ 2,704,908</u>

### 37. RISK MANAGEMENT:

#### (1) Capital risk management

The Group manages its capital to maintain an optimal capital structure for maximizing profit of its shareholder and reducing the cost of capital. Debt to equity ratio calculated as total liabilities divided by total equity is used as an index to manage the Group's capital. The overall capital risk management policy is consistent with that of the prior period. Debt to equity ratios as of June 30, 2020 and December 31, 2019 are as follows.

Description		June 30, 2020		December 31, 2019
		(In millions of Korean Won)		
Total liabilities	₩	125,756,385	₩	118,146,466
Total equity		76,048,135		76,365,754
Debt-to-equity ratio		165.4%		154.7%

#### (2) Financial risk management

The Group is exposed to various financial risks such as market risk (foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk related to its financial instruments. The purpose of risk management of the Group is to identify potential risks related to financial performance and reduce, eliminate and evade those risks to an acceptable level of risks to the Group. Overall, the Group's financial risk management policy is consistent with the prior period policy.

##### 1) Market risk

The Group is mainly exposed to financial risks arising from changes in foreign exchange rates and interest rates. Accordingly, the Group uses financial derivative contracts to hedge and to manage its interest rate risk and foreign currency risk.

##### a) Foreign exchange risk management

The Group is exposed to various foreign exchange risks by making transactions in foreign currencies. The Group is mainly exposed to foreign exchange risk in USD, EUR, JPY and others.

The Group manages foreign exchange risk by matching the inflow and the outflow of foreign currencies according to each currency and maturity, and by adjusting the foreign currency settlement date based on its exchange rate forecast. The Group uses foreign exchange derivatives, such as currency forward, currency swap, and currency option; as hedging instruments. However, speculative foreign exchange trade on derivative financial instruments is prohibited.

Sensitivity analysis for a 5% change in exchange rate of the functional currency against each foreign currency on profit before income tax as of June 30, 2020 is as follows.

Foreign Currency	Foreign Exchange Rate Sensitivity	
	Increase by 5%	Decrease by 5%
	(In millions of Korean Won)	
USD	₩ (45,259)	₩ 45,259
EUR	(10,580)	10,580
JPY	(5,458)	5,458

##### b) Interest rate risk management

The Group has borrowings with fixed or variable interest rates. Also, the Group is exposed to interest rate risk arising from financial instruments with variable interest rates. To manage the interest rate risk, the Group maintains an appropriate balance between borrowings with fixed and variable interest rates for short-term borrowings and has a policy to borrow funds with fixed interest rates to avoid the future cash flow fluctuation risk for long-term debt if possible. The Group manages its interest rate risk through regular assessments of the change in market conditions and the adjustments in nature of its interest rates.

Sensitivity analysis for a 1% change in interest rates on profit before income tax as of June 30, 2020 is as follows.

Accounts	Interest Rate Sensitivity	
	Increase by 1%	Decrease by 1%
	(In millions of Korean Won)	
Cash and cash equivalents	₩ 15,699	₩ (15,699)
Financial assets measured at FVPL	(4,746)	5,076
Short-term and long-term financial instruments	8,529	(8,529)
Borrowings and debentures	(136,023)	136,023

The Company's subsidiaries, Hyundai Card Co., Ltd. and Hyundai Capital Services, Inc., that are operating financial business, are managing interest rate risk by utilizing value at risk (VaR). VaR is defined as a threshold value which is a statistical estimate of the maximum potential loss based on normal distribution. As of June 30, 2020 and December 31, 2019, the amounts of interest rate risk measured at VaR are ₩162,030 million and ₩159,980 million, respectively.

### c) Price risk

The Group is exposed to market price fluctuation risk arising from equity instruments. As of June 30, 2020, the amounts of financial assets measured at FVPL and financial assets measured at FVOCI are ₩93,666 million and ₩1,584,461 million, respectively.

### 2) Credit risk

The Group is exposed to credit risk when a counterparty defaults on its contractual obligation resulting in a financial loss for the Group. The Group operates a policy to transact with counterparties who only meet a certain level of credit rating which was evaluated based on the counterparty's financial conditions, default history, and other factors. The credit risk in the liquid funds and derivative financial instruments is limited as the Group transacts only with financial institutions with high credit-ratings assigned by international credit-rating agencies. Except for the guarantee of indebtedness discussed in Note 39, the book value of financial assets in the consolidated financial statements represents the maximum amounts of exposure to credit risk.

### 3) Liquidity risk

The Group manages liquidity risk based on maturity profile of its funding. The Group analyses and reviews actual cash outflow and its budget to match the maturity of its financial liabilities to that of its financial assets.

The Group retains an appropriate level of deposit to cope with uncertainty caused by the inherent nature of the industry which is sensitive to economic fluctuation and to invest in R&D constantly.

In addition, the Group has agreements with financial institutions related to trade financing and overdraft to mitigate any significant unexpected market deterioration. Also, the Group continues to strengthen its credit rates to secure a stable financing capability.

The Group's maturity analysis of its non-derivative liabilities according to their remaining contract period before expiration as of June 30, 2020 is as follows.

Description	Remaining contract period				Total
	Not later than one year	Later than one year and not later than five years	Later than five years		
	(In millions of Korean Won)				
Non-interest-bearing liabilities	₩ 14,010,423	₩ 11,719	₩ -	₩	14,022,142
Interest-bearing liabilities	31,618,136	56,067,304	7,708,076		95,393,516
Financial guarantee	895,803	15,140	151		911,094

The maturity analysis is based on the non-discounted cash flows and the earliest maturity date at which payments, i.e. both principal and interest, should be made.

### (3) Derivative instruments

The Group enters into derivative instrument contracts such as currency forwards, currency options, currency swaps and interest swaps to hedge its exposure to changes in foreign exchange rate.

As of June 30, 2020 and December 31, 2019, the Group recognized an accumulative net loss of ₩90,780 million and ₩28,383 million, respectively, in accumulated other comprehensive loss, for effective cash flow hedging instruments.

The longest period in which the forecasted transactions are expected to occur is within 111 months as of June 30, 2020.

For the six-month periods ended June 30, 2020 and 2019, the Group recognized a net profit of ₩210,694 million and ₩191,415 million in profit or loss (before tax), respectively, which resulted from the ineffective portion of its cash flow hedging instruments and changes in the valuation of its other non-hedging derivative instruments.

## 38. RELATED-PARTY AND OTHER TRANSACTIONS:

The transactions and balances of receivables and payables within the Group are wholly eliminated in the preparation of consolidated financial statements of the Group.

- (1) For the six-month period ended June 30, 2020, significant transactions arising from operations between the Group and related parties or affiliates by the Monopoly Regulation and Fair Trade Act of the Republic of Korea ("the Act") are as follows.

Description		Sales/proceeds		Purchases/expenses	
		Sales	Others	Purchases	Others
(In millions of Korean Won)					
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 527,800	₩ 92,841	₩ 3,472,601	₩ 27,724
	Mobis Alabama, LLC	101,459	2,475	454,189	-
	Mobis Automotive Czech s.r.o.	5	269	669,148	12,637
	Mobis India, Ltd.	3,604	1,108	291,105	6,643
	Mobis Parts America, LLC	30,794	1,801	460,478	368
	Mobis Module CIS, LLC.	-	171	139,955	10
	Mobis Parts Europe N.V.	6,309	256	166,458	1
	Others	13,336	1,219	367,954	936
Joint ventures and associates	Kia Motors Corporation	448,755	228,326	41,160	351,119
	Kia Motors Russia LLC.	396,015	-	-	-
	Kia Motors Slovakia s.r.o.	52,549	2,799	164,549	-
	Kia Motors Mexico S.A de C.V.	3,523	567	154,172	-
	BHMC	90,719	45	45,863	-
	HMGC	1,584	-	35,892	1,919
	Hyundai WIA Corporation	44,543	1,134	562,776	5,001
	Others	469,848	28,647	1,577,454	788,978
Other related parties		3,355	1,802	51	2
Affiliates by the Act		396,815	165,609	2,935,703	313,506

For the six-month period ended June 30, 2019, significant transactions arising from operations between the Group and related parties or affiliates by the Act are as follows.

Description		Sales/proceeds		Purchases/expenses	
		Sales	Others	Purchases	Others
(In millions of Korean Won)					
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 460,569	₩ 4,966	₩ 3,412,033	₩ 16,838
	Mobis Alabama, LLC	89,263	1,214	686,272	7,017
	Mobis Automotive Czech s.r.o.	-	251	767,270	-
	Mobis India, Ltd.	5,991	4,594	573,441	5,998
	Mobis Parts America, LLC	27,722	1,659	447,911	352
	Mobis Parts Europe N.V.	8,610	313	196,677	-
	Mobis Brasil Fabricacao De Auto Pecas Ltda	4,648	-	138,236	-
	Mobis Module CIS, LLC	-	167	208,313	-
	Others	10,897	3,026	331,202	10,648
		564,377	217,172	90,652	327,567
Joint ventures and associates	Kia Motors Corporation				
	Kia Motors Manufacturing Georgia, Inc.	187,960	556	11	20,121
	Kia Motors Russia LLC	521,613	-	-	-
	Kia Motors Slovakia s.r.o.	56,414	13	229,470	-
	BHMC	223,675	17,847	52,112	-
	HMGC	1,455	-	28,298	2,973
	Hyundai WIA Corporation	67,991	290	634,220	45,334
	Others	246,372	25,150	2,017,704	886,017
		2,715	3,068	48	2
Other related parties		498,641	87,783	3,473,043	638,990
Affiliates by the Act					

- (2) As of June 30, 2020, significant balances related to the transactions between the Group and related parties or affiliates by the Act are as follows.

Description		Receivables (*1,2)		Payables	
		Trade notes and accounts receivable	Other receivables and others	Trade notes and accounts payable	Other payables and others
(In millions of Korean Won)					
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 252,340	₩ 7,989	₩ 1,507,287	₩ 251,610
	Mobis Alabama, LLC	24,904	-	34,815	-
	Mobis Automotive Czech s.r.o.	-	237	193,325	-
	Mobis India, Ltd.	333	-	53,592	2
	Mobis Parts America, LLC	16,541	47	83,459	-
	Mobis Module CIS, LLC	-	37	34,340	-
	Mobis Parts Europe N.V.	717	303	33,168	-
	Others	3,289	1,323	71,013	2,885
		444,481	145,424	25,845	148,069
Joint ventures and associates	Kia Motors Corporation				
	Kia Motors Russia LLC.	126,459	146	-	214
	Kia Motors Slovakia s.r.o.	7,224	163	23,578	94
	Kia Motors Mexico S.A de C.V.	627	1,081	6,340	435
	Kia Motors America, Inc.	-	153,342	87	21,361
	BHMC	131,025	78,072	912	2,305
	HMGC	414	20,603	6,232	1,059
	Hyundai WIA Corporation	13,413	13,296	197,640	30,520
	Others	185,572	135,224	561,304	914,909
Other related parties		57	410	10	-
Affiliates by the Act		107,089	50,328	624,686	219,492

- (\*1) The Group has recognized the loss allowance for the related parties' receivables in the amount of ₩286 million as of June 30, 2020 and the reversal of impairment loss is recognized in the amount of ₩154 million for the six-month period ended June 30, 2020.



(\*2) As of June 30, 2020, outstanding payment of ₩16,975 million of corporate purchase card agreement provided by Hyundai Card Co., Ltd. is included. For the six-month period ended June 30, 2020, amount used and repayment of agreement are ₩134,828 million and ₩139,080 million, respectively.

As of December 31, 2019, significant balances related to the transactions between the Group and related parties or affiliates by the Act are as follows.

Description		Receivables (*1,2)		Payables	
		Trade notes and accounts receivable	Other receivables and others	Trade notes and accounts payable	Other payables and others
(In millions of Korean Won)					
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 180,627	₩ 8,774	₩ 1,240,307	₩ 260,458
	Mobis Alabama, LLC	6,835	-	112,964	12
	Mobis Automotive Czech s.r.o.	-	369	110,024	-
	Mobis India, Ltd.	3,381	-	118,413	2
	Mobis Parts America, LLC	14,033	89	85,048	-
	Mobis Module CIS, LLC	-	36	32,457	-
	Mobis Parts Europe N.V.	1,671	3,033	32,294	-
	Others	5,709	719	78,094	4,187
Joint ventures and associates	Kia Motors Corporation	467,458	325,290	46,735	175,515
	Kia Motors Russia LLC.	145,459	326	-	-
	Kia Motors Slovakia s.r.o.	8,312	1,028	30,354	89
	Kia Motors Mexico S.A de C.V.	33	4,645	77,306	366
	Kia Motors America, Inc.	-	84,127	1,275	20,455
	BHMC	156,728	76,174	6,215	820
	HMGC	16	19,894	6,957	37,188
	Hyundai WIA Corporation	28,289	14,729	151,717	55,728
	Others	302,208	115,063	492,506	695,803
Other related parties		87	520	10	1
Affiliates by the Act		214,074	78,281	845,699	344,282

(\*1) The Group has recognized the loss allowance for the related parties' receivables in the amount of ₩26,889 million as of December 31, 2019 and the impairment loss is recognized in the amount of ₩1,895 million for the year ended December 31, 2019.

(\*2) As of December 31, 2019, outstanding payment of ₩21,227 million of corporate purchase card agreement provided by Hyundai Card Co., Ltd. is included. For the year ended December 31, 2019, amount used and repayment of agreement are ₩307,706 million and ₩304,492 million, respectively.

(3) Significant fund transactions and equity contribution transactions for the six-month period ended June 30, 2020, between the Group and related parties are as follows.

Description	Loans		Borrowings		Equity
	Lending	Collection	Borrowing	Repayment	contribution
	(In thousands of US Dollar)				(In millions of Korean won)
Joint ventures and associates	-	-	USD 5,000	-	₩ 1,414,250

Significant fund transactions and equity contribution transactions for the six-month period ended June 30, 2019, between the Group and related parties are as follows.

Description	Loans		Borrowings		Equity contribution
	Lending	Collection	Borrowing	Repayment	
(In millions of Korean won)					
Joint ventures and associates	-	-	-	-	₩ 104,932

For the six-month period ended June 30, 2020, the Group traded in other financial assets and others of ₩1,590,000 million with HYUNDAI MOTOR SECURITIES Co., Ltd., an associate of the Group. The Group has other financial assets of ₩780,000 million in the consolidated statement of financial position as of June 30, 2020.

- (4) Compensation of registered and unregistered directors, who are considered to be the key management personnel for the six-month periods ended June 30, 2020 and 2019 are as follows.

Description	Six-month period ended June 30,	
	2020	2019
	(In millions of Korean Won)	
Short-term employee salaries	₩ 129,873	₩ 112,118
Retirement benefit costs	23,015	22,541
Other long-term benefits	362	392
	₩ 153,250	₩ 135,051

- (5) As of June 30, 2020, the Group offers payment guarantee to related parties and affiliates by the Act.

### 39. COMMITMENTS AND CONTINGENCIES:

- (1) As of June 30, 2020, the debt guarantees provided by the Group, excluding the ones provided to the Company's subsidiaries are as follows.

Description	Domestic		Overseas (*)	
	(In millions of Korean Won)			
To associates	₩	128,050	₩	-
To others		9,957		903,887
	₩	138,007	₩	903,887

- (\*) The guarantee amounts in foreign currencies are translated into Korean Won using the Base Rate announced by Seoul Money Brokerage Services, Ltd. as of June 30, 2020.

- (2) As of June 30, 2020, the Group is involved in domestic and foreign lawsuits as a defendant. In addition, the Group is involved in lawsuits for product liabilities and others. The Group obtains insurance for potential losses which may result from product liabilities and other lawsuits. In addition, as of June 30, 2020, the Group is under investigation by related authorities in relation to the theta 2 engine recall, and its results and impacts are unpredictable. Meanwhile, as of June 30, 2020, the Group is currently involved in lawsuits for ordinary wage, which relates to disputes over whether certain elements of remuneration shall be included in the earnings used for the purposes of calculating overtime, allowances for unused annual paid leave and retirement benefits, and unable to estimate the outcome or the potential consolidated financial impact.
- (3) As of June 30, 2020, a substantial portion of the Group's PP&E is pledged as collateral for various loans and leasehold deposits up to ₩506,415 million. In addition, the Group pledged certain bank deposits, checks and promissory notes, including 213,466 shares of Kia Motors Corporation, as collateral to financial institutions and others. Certain receivables held by the Company's foreign subsidiaries, such as financial services receivables are pledged as collateral for their borrowings.
- (4) As of June 30, 2020, the Group has overdrafts, general loans, and trade-financing agreements with numerous financial institutions including Kookmin Bank.
- (5) As of June 30, 2020, Hyundai Capital Services, Inc. and Hyundai Card Co., Ltd. have entered into agreements for certain borrowings including trigger clauses for the purpose of credit enhancement. If the credit rating of Hyundai Capital Services, Inc. and Hyundai Card Co., Ltd. falls below a certain level, this may result in early repayment of the borrowings or termination of the contracts.
- (6) As of June 30, 2020, Hyundai Capital Services, Inc. and Hyundai Card Co., Ltd., the subsidiaries of the Company are able to exercise the priority purchasing rights for the leased office building when the lessor wants to sell the building or after 4 years and 5 months from the lease contract commencement date.

- (7) As of June 30, 2020, the Company entered into a total return swap contract for stocks of Hyundai Capital Services, Inc., the subsidiary of the Company, held by other investors of a third parties.
- (8) As of June 30, 2020, the Company has a shareholder agreement with investors of third parties regarding shares of Hyundai Card Co., Ltd. and Hyundai Commercial Inc. This includes the call options that allow the Company to buy shares from the investors and the put options that allow the investors to dispose of the shares to the Company.
- (9) In December 2019, the Company entered into an agreement to invest ₩1,408,220 million in the construction of new Global Business Centre (GBC). As of June 30, 2020, the Company has recognized relevant liability in the amount of ₩945,364 million in accordance with the agreement with the Seoul government to implement public contributions relating to the new construction project.

#### 40. SEGMENT INFORMATION:

- (1) The Group has vehicle segment, finance segment and others segment. The vehicle segment is engaged in the manufacturing and sale of motor vehicles. The finance segment operates vehicle financing, credit card processing and other financing activities. Others segment includes the R&D, train manufacturing and other activities.
- (2) Sales and operating profit by operating segments for the six-month periods ended June 30, 2020 and 2019 are as follows.

	For the six-month period ended June 30, 2020				
	Vehicle	Finance	Others	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total sales	₩ 53,755,398	₩ 8,697,473	₩ 3,690,666	₩ (18,965,098)	₩ 47,178,439
Inter-company sales	(18,144,157)	(179,898)	(641,043)	18,965,098	-
Net sales	35,611,241	8,517,575	3,049,623	-	47,178,439
Operating profit	864,497	490,242	112,703	(13,345)	1,454,097

  

	For the six-month period ended June 30, 2019				
	Vehicle	Finance	Others	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total sales	₩ 61,329,469	₩ 8,391,545	₩ 4,059,639	₩ (22,827,221)	₩ 50,953,432
Inter-company sales	(21,696,191)	(388,658)	(742,372)	22,827,221	-
Net sales	39,633,278	8,002,887	3,317,267	-	50,953,432
Operating profit	1,546,001	516,680	119,669	(119,754)	2,062,596

- (3) Assets and liabilities by operating segments as of June 30, 2020 are as follows.

	June 30, 2020				
	Vehicle	Finance	Others	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total assets	₩ 108,640,777	₩ 100,646,984	₩ 8,491,143	₩ (15,974,384)	₩ 201,804,520
Total liabilities	43,533,685	87,036,250	5,459,581	(10,273,131)	125,756,385
Borrowings and debentures	11,188,119	79,374,199	2,737,174	(3,757,989)	89,541,503

Assets and liabilities by operating segments as of December 31, 2019 are as follows.

	December 31, 2019				
	Vehicle	Finance	Others	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total assets	₩ 107,555,519	₩ 93,803,198	₩ 8,541,669	₩ (15,388,166)	₩ 194,512,220
Total liabilities	42,249,145	80,509,835	5,579,715	(10,192,229)	118,146,466
Borrowings and debentures	7,628,244	72,788,608	2,776,867	(1,821,566)	81,372,153

- (4) Sales by region based on where the Group's entities are located in for the six-month periods ended June 30, 2020 and 2019 are as follows.

	For the six-month period ended June 30, 2020					
	Korea	North America	Asia	Europe	Others	Consolidation adjustments
	(In millions of Korean Won)					
Total sales	₩ 28,826,059	₩ 19,529,494	₩ 3,407,691	₩ 13,664,791	₩ 715,502	₩ (18,965,098)
Inter-company sales	(9,364,207)	(2,619,139)	(167,863)	(6,811,785)	(2,104)	18,965,098
Net sales	19,461,852	16,910,355	3,239,828	6,853,006	713,398	-

  

	For the six-month period ended June 30, 2019					
	Korea	North America	Asia	Europe	Others	Consolidation adjustments
	(In millions of Korean Won)					
Total sales	₩ 29,837,877	₩ 20,132,948	₩ 5,125,960	₩ 17,290,150	₩ 1,393,718	₩ (22,827,221)
Inter-company sales	(10,596,521)	(3,773,410)	(152,128)	(8,305,049)	(113)	22,827,221
Net sales	19,241,356	16,359,538	4,973,832	8,985,101	1,393,605	-

- (5) Non-current assets by region where the Group's entities are located in as of June 30, 2020 and December 31, 2019 are as follows.

Description	June 30, 2020	December 31, 2019
	(In millions of Korean Won)	
Korea	₩ 32,222,380	₩ 32,022,342
North America	2,842,895	2,588,893
Asia	2,117,870	1,527,181
Europe	2,069,350	1,962,133
Others	347,097	449,771
	39,599,592	38,550,320
Consolidation adjustments	(301,439)	(280,806)
Total (*)	₩ 39,298,153	₩ 38,269,514

(\*) Total amount is the same as summation of PP&E, intangible assets and investment properties.

- (6) There is no single external customer who represents 10% or more of the Group's revenue for the six-month periods ended June 30, 2020 and 2019.

#### 41. CONSTRUCTION CONTRACTS:

- (1) Cost, income and loss and claimed construction from construction in progress as of June 30, 2020 and December 31, 2019 are as follows.

Description	June 30, 2020	December 31, 2019
	(In millions of Korean Won)	
Accumulated cost	₩ 10,270,948	₩ 10,298,750
Accumulated income	203,487	271,874
Accumulated construction in process	10,474,435	10,570,624
Progress billing	10,303,208	10,175,567
Due from customers	1,150,538	1,171,029
Due to customers	979,311	775,972
Reserve (*)	98,235	95,404

(\*) Reserve is recognized as long-term trade notes and accounts receivable in the consolidated financial statements.

- (2) Effects on profit or loss of current and future periods, due from customers related to changes in accounting estimates of total contract revenue and total contract costs of ongoing contracts of Hyundai Rotem, a subsidiary of the Company, as of June 30, 2020 are as follows.

Description	June 30, 2020
	(In millions of Korean Won)
Changes in accounting estimates of total contract revenue	₩ 168,379
Changes in accounting estimates of total contract costs	(48,188)
Effects on profit or loss of current period	45,618
Effects on profit or loss of future periods	170,949
Changes in due from customers	71,875
Provision for construction loss	91,693

Effects on profit or loss of current and future periods were calculated with estimated total contract costs and estimated total contract revenue based on factors that are considered to be relevant from commencement of the contract to June 30, 2020. Total contract revenue and costs may change in future periods.

- (3) There is no contract as of June 30, 2020, in which contract revenue is recognized by the proportion of contract costs incurred, that accounted for more than 5% of the Group's revenue in the prior period.

#### **42. BUSINESS COMBINATIONS:**

The Group acquired additional 50% of the shares of the Sichuan Hyundai Motor Company (CHMC) on January 19, 2020.

The accounting for the business combination at the acquisition date is as follows.

Description	Amount
	(In millions of Korean Won)
Total considerations transferred	₩ 92,328
Assets and liabilities acquired:	
Current assets	249,089
Non-current assets	
Property, plant and equipment	436,954
Intangible assets	178,515
Other assets	134,329
	749,798
Current liabilities	799,488
Non-current liabilities	183,876
Fair value of identifiable net assets	15,523
Goodwill	₩ 76,805

The amounts of sales and net loss of the acquiree since the acquisition date included in the consolidated statement of comprehensive income for the six-month period ended June 30, 2020 are ₩92,364 million and ₩71,481 million, respectively.

#### **43. SUBSEQUENT EVENTS:**

The conversion rights of convertible bonds (Face value: ₩240,000 million) issued on June 17, 2020 by Hyundai Rotem Company, a subsidiary, was exercised in the amount of ₩185,675 million from the start date of conversion rights to July 31, 2020. Meanwhile, Hyundai Rotem Company decided to exercise the call option on August 22, 2020 for outstanding convertible bonds as of August 7, 2020.